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Reagan O-a-Setting Of

PARIS, TUESDAY, SEPTEMBER 15, 1981

Established 1887

Peking Reportedly Broadens Basis for Talks With Taiwan

Washington Post Service HONG KONG — The Chin Communists have significantly broadened their proposal for talks with their longtime Nationalist rivals on Taiwan and are now of-fering to negotiate a "power-sharing arrangement" as part of a plan for the country's reunification, pro-Communist sources said here Monday.

Recent Hong Kong and over-seas Chinese visitors to Peking have been asked by top Chinese leaders, including Deng Xiaoping, the Communist Party's powerful vice chairman, to convey to the Nationalists a new offer of "talks on the basis of equality," the usu-ally well-informed sources report-

Implicit in the latest proposal, the visitors were assured, would be real role for the Nationalists in the central government once Taiwan was reunited with the assinland. This might include, one source said, quoting an example given by Mr. Deng, the appoint-ment of the Nationalists' skilled economic planners to key posts to oversee the country's industrial modernization.

A Major Step

Peking's offer is a major step, according to the pro-Communist sources, toward meeting the Nationalist demand that any negotia-tions be conducted on the basis of full equality and over the future of the whole country, not just that of the Nationalist-held island of

The proposal, outlined in part by the leading Communist newspaper in Hong Kong and an an-

ngton Post Service

PARIS - The French govern-_.

ment, in a major policy statement,

ceed with the development of neu--tron weapons as part of an effort

while remaining faithful to France's partners in the Atlantic alliance.

Prime Minister Pierre Mauroy,
in a speech marking his first comprehensive review of Socialist military policies, repeatedly, stressed

French commitment to the Atlan-

tic community ranged against the Soviet Union and its Warsaw Pact

"As you see," he said, address-

ing the Institute of Higher National Defense Studies, Trance's poli-

cy is not at all neutralist ... France intends to remain faithful

to its allies, with the United States in the front row."

Clear Distinction

This declaration of faith in

France's traditional role as a major

ditterrand since his May 10 elec-

ion that have won praise from the

Western ally reinforced several statements by President Francois

is also obviously intended to in-crease pressure on the Nationalists agree to negotiations with the Communists on Taiwan's reunifi-cation with the Chinese mainland. Although Taiwan's formal posi-tion remains firmly "no, never" to any political contacts with Picing. Nationalist officials on the island have recently discussed their likely

conditions for such negotiations. Bluff Being Called

Among them would probably be Among them would probably be equality of the two parties, a national role for Taiwan's Kuomintang after reunification and the dropping of Peking's present precondition that the Nationalists first abandon their flag, anthem and name — Republic of China — and accept provincial status.

The Nationalists intended their conditions to be an effective barri-er to negotiations so they would never have to talk," a leading pro-Communist in Hong Kong said.
Their blaff is being called now...but this is a serious offer, not a tactical ploy."

Still, the initial Taiwan reaction was to dismiss the proposal as in-sincere, according to other sources who relayed the message. The Na-tionalists replied that, formally, they reject all negotiations, what-ever the conditions, and regard the talks as a Communist attempt to defeat them politically since this cannot be done militarily.

Peking bopes as it makes increasingly forthcoming proposals to undermine Taiwan's position, both at home and abroad, to grad-ually build a momentum for talks that the Nationalist leaders will

(Continued on Page 2, Col.1)

On Neutron Weapons as Deterrent

declared Monday that it will pro-ceed with the development of near-matters as its intervention in Af-

phanistan and deployment of SS-

20 missiles in Eastern Europe. At

the same time, however, he has

drawn a clear distinction between French and U. S. policy on the

Third World, going so far last week as to call Mr. Reagan's poli-

cy on Central America "simplis-

Paris under the Socialists thus

seems to be following a two-track approach - agreement and coop-

cration with Washington on meet-

ing Soviet power with equivalent Western might in Europe; but disa-greement on the origins of turmoil in the Third World and the best

Mr. Mauroy also made it clear

that France under Mr. Mitterrand

will continue its independent nu-

clear force. This has been a key-stone of French military policy since De Gaulle pulled out of the

North Atlantic Treaty Organiza-

tion's integrated command in 1966, remaining a NATO member

way to respond to it.

Reagan administration despite ear- but reserving the right to make its said.]





U.S. Secretary of State Alexander M. Haig Jr. at a news conference before leaving Bonn.

Haig Affirms U.S. Commitment To Consultations With Its Allies

By John Vinocur New York Times Service

BONN — U.S. Secretary of State Alexander M. Haig Jr. made a new attempt Monday to convince the public in European NATO com-tries that the Reagan administra-tion is committed to arms reduction and consultation with its al-

At a news conference in Bonn at the end of a four-day European trip, Mr. Haig promised "complete and total" discussions concerning

any eventual deployment of neu-tron weapons in alliance countries France Plans to Pursue Research

tional to renounce beforehand ac-

quisition of a weapon that could

increase our deterrent potential,"

[French Communist leaders

have criticized Socialist govern-

ment policies and warned that

their support for the administra-

tion of President Mitterrand was

Party chief Georges Marchais said in a television interview, his

first since elections that brought

the Socialists to power last spring,

that the government's nationaliza-

tion plans were insufficient and

that a wealth tax planned by Mr.

Mauroy was inadequate to combat

inflation [Roland Leroy, editor of the

party newspaper l'Humanité, told a rally that the Communists, who

have four ministers in Mr. Mau-

roy's Cabinet, were participating in the government, "but are not a party of government." Nor would

Communists be the "unconditional

advocates" of the government, he

conditional, Reuters reported.

tions," U.S.-Soviet talks on middie-range unclear missiles beginning this fall could allow the North Atlantic Treaty Organization to scrap its deployment plans for Pershing-2 and Cruise missiles.

The tone of his remarks appeared to be directed at segments of the European public that regard the Reagan administration as pushing Western Europe, and West Germany in particular, toward confrontation with the Soviet Union. The administration's decision to produce neutron weapons and NATO's 1979 decision to deploy the middle-range weapons have been particular targets for the groups making up what is widely referred to as the peace movement.

Mr. Haig went as far as saying that the peace movement - its backers sponsored a demonstration against Mr. Haig in West Ber-lin on Sunday — involved, in part, an objective assessment by honest

'Seriously Concerned'

"Clearly, very serious and knowledgeable people are extremethe level of armaments grow in what could be described as a mindless way, between East and West. We are all seriously concerned about these trends," he said. The United States said Monday

that it had compelling preliminary evidence that deadly poisons were in use as chemical weapons in Laos, Cambodia and Afghanistan, Reuters reported. It said the poisons, which are called mycotoxins and cause death in minutes, were linked to "yellow rain," a liquid or powder sprayed from low-flying planes. It strongly suggested they were manufactured in the Soviet Union.] [The Soviet government denied that it has used chemical warfare in Southeast Asia, and charged that the United States has used chemical agents against its ememies. Tass reported Monday from Berlin. It said Mr. Haig "slanderously charged the Soviet Union and its allies with using the said agents in Lange Combined agents agent chemical agents in Laos, Cambo-dia and Afghanistan."

[A group of government scientists said Monday that they have circumstantial evidence linking the

Soviet Union to the alleged use of chemical poisons in military operations in Afghanistan, Laos and Cambodia, The Associated Press reported from Washington.

The scientists said they suspect Soviet involvement in the chemi-cally induced deaths of perhaps thousands of people in those countries in recent years but conceded that they had no firm evidence pointing directly to the Russians,

[Use of such obemicals would be a violation of a 56-year-old inter-national agreement. The scientists said the chemical agents used are common to cold climates and ex-pressed doubt that any of the three countries has the capability of producing the weapons in the quanti-ties employed over the last five

(But, as one expert said, "We don't know if they [the obenicals] bave been produced in the Soviet

Union 7 The demonstration in Berlin, in which Mr. Haig was denounced as a force of war, resulted in 151 policemen being injured, 10 of them seriously, city authorities said Monday. There were 105 arrests, and leftist groups said about 70 people were injured in hattles between the police and demonstra-

According to a West German Cabinet official, Mr. Haig was re-sponding to a request hy Mr. Schmidt when he told a questioner at the news conference, "I can affirm that we have not rejected the zero option proposal" - a reference to a possible outcome in talks with the Soviet Union that would remove the necessity for NATO to deploy the Pershing and Cruise The reply, which seemed aimed

at members of the chancellor's Sothe zero option, was surprising because U.S. officials have stated pri-that avoidance of Camp David, Md., Mr. Reagan dedeployment is quite unlikely. Mr. fended his proposal to cut only a Haig appeared to have said as relatively small amount from the much in a television interview Sun-military budget. He told reporters day: "It is sometimes rather ludi- that "we've been cutting a budget crous to debate an issue in which that bas been overgrown and exwe are faced with some 1,000 warbeads already deployed on SS-20 and other Soviet missile systems." poor relative."

Three Cabinet Ministers Dismissed by Thatcher

From Agency Dispaches
LONDON — Prime Minister Margaret Thatcher Monday fired three Cabinet critics of her monetarist policies.

Three junior ministers also lost their jobs. The dismissed Cabinet members were the deputy foreign secretary, Sir lan Gilmour, the ed-ucation minister, Mark Carlisle, and Lord Soames, who was goverament leader in the House of

Lords. Mrs. Thatcher also moved another leading moderate, James Prior, from the Department of Employment to the Northern Ireland Office, where he replaces Humphrey Atkins. Like his predecessors in that job, Mr. Atkins failed to him about a political testle. to hring about a political settle-ment in Ulster. He now replaces

Sir Ian as deputy foreign secretary.

Mr. Prior's thove to the Northern Ireland Office was "obviously disappointment to him," a spokesman at his office said.

Sir Ian, 55, said: "I have been sacked because I am in diagreement with the government's economic policy. There is no harm in throwing an occasional man overboard, But it does not do much good when you are steering full speed ahead for the rocks - and that is what the government is

doing."
Norman Tebbit, a close confidant of Mrs. Thatcher who shares ber conviction that inflation must be fought with a tough monetarist policy, replaced Mr. Prior as emoyment secretary.

Mr. Tebbit, a former sirline pilot, was promoted to the Cabinet from his present post as a junior minister at the Industry Depart-

The industry minister, Sir Keith Joseph, another of Mrs. Thatcher's closest associates, took Mr. Carlisle's job as education minister. Non-Cabinet ministers dismissed were the Scotush office un-

dersecretary. Russell Fairgrieve, the sports minister. Hector Monro and the junior defense minister, Philip Goodhart.
Mrs. Thatcher's three chief ministers, the chancellor of the

exchequer (finance minister), Sir Geoffrey Howe, the foreign secre-tary, Lord Carrington, and the home secretary (interior minister), William Whitelaw, remain in the Cabinet in their present posts. Nigel Lawson, financial secre-

tary at the Treasury, becomes energy secretary in place of David Howell, who becomes transport secretary.

Nicholas Ridley, formerly a jur ior Foreign Office minister, is the new financial secretary, Patrick Jenkin, social services secretary, takes Sir Keith's post as industry secretary and is replaced in his job at the Social Services Ministry by the outgoing transport secretary, Norman Fowler,

in an announcement from her office at 10 Downing Street, Mrs. Thatcher dismissed Lord Soames, wbo guided Rhodesia 10 independence as Zimbabwe, from his senior post as lord president of the council, leader of the House of Lords and civil service minister.

Lord Thorneycroft, 72-year-old chairman of the Conservative Party, was replaced by the trade min-ister, Cecil Parkinson,

As speculation intensified over the weekend that a reshuffle was day that he wanted to keep his job as employment secretary, which be had held since the Conservatives came to power in the general election of May, 1979.

Mr. Prior, who will be 54 next month, takes on the tough Northern Ireland assignment as the bun-ger strike by Irish nationalist prisoners shows little sign of ending. The protest has claimed 10 lives since it started March I and has damaged Britain's image overseas.

Mr. Prior bas been one of Mrs. Thatcher's leading Cabinet opponents since the Conservatives came to power,

The moderates bave been urging Mrs. Thatcher to relent from her monetarist policies to ease the effects of Britain's worst economic slump since the Great Depression. They seek some reflation of the economy and measures to tackle unemployment, which is at a 50-year peak of 12.2 percent, or nearly 3 million out of work.

Ministerial changes were expect-ed now that Mrs. Thatcher has reached about halfway through the life of her government. Another election is due by May, 1984.

Earlier in the day the Bank of England raised its short-term interest rates sharply, signaling a toughness in the government's economic policy. It lent £79 million (about \$145 million) to money market discount bouses at an overnight rate of 13.75 percent. This was a rise of about 1.5 percentage points from

Senate Leader Says Congress Seeks **Larger Cut in Pentagon Spending**

By Edward Cowan

New York Times Service WASHINGTON - Sen. Pete Domenici, the New Mexico Reublican who is chairman of the Senate Budget Committee, says that "a majority of the Congress are looking for larger cuts" in planned military spending than the \$13 billion announced Saturday

night by the White House.

Ending several weeks of maneuvering by Defense Secretary Caspar W. Weinberger and budget director David A. Stockman, the White House said President Reagan had decided on cuts of \$13 billion in projected military spending in fiscal years 1982-84 instead of the \$20 hillion to \$30 billion sought by Mr. Stockman. Fiscal 1982 starts on Oct. 1.

The White House also said Mr. Reagan had pared \$21 billion or so from the total funding for the Defense Department to be requested from Congress. Only \$13 billion of that sum was to be spent in the

travagant over the years while in the same years, defense has been a

Mr. Stockman has said must be saved from projected 1983-84 outhays to fulfil) Mr. Reagan's goal of a balanced budget in 1984, politi-cal sources said the president's cut of the \$13 billion may risk still more skepticism in financial markets about an end to deficit spend-

Having chosen the low end of the range on military economic budget experts said it appeared that Mr. Reagan and Congress would have to make even deeper cuts in nonmilitary programs, including some benefits for which spending and annual increases are mandated by law. Sen. Domenici said in a televi-

sion interview Sunday that to make the necessary savings Congress must curtail increases for "entitlements," such as Medicare and Medicaid, federal pensions and Social Security benefits.

A White House official, noting that Mr. Stockman has opposed such economics, said the adminis tranon was unlikely to seek such curtailments in fiscal 1982 but might do so for later years.

Sen. Domenici proposed that automatic cost-of-living increases be beld three points below the rise in the Consumer Price Index for three years. Thus, if the CPI were

to rise in 1981 by the 9.9 percent

Compared to the \$75 billion that predicted by the administration, benefits would go up 6.9 percent.

The chairman of the House Budget Committee, Rep. James R. Jones, Democrat of Oklahoma, said in a telephone interview that Mr. Reagan's \$13-billion reduction from the growth of military spending "is almost exactly" what his committee proposed last spring. The president said then, according to Rep. Jones, "that it would icon ardize our security."

Rep. Jones said he believed Congress would "have to find a way to raise revenue" to achieve a balanced budget by 1984 because. in his estimate, it would be unwilling to cut enough from military and domestic programs.

Sen. Domenici, emphasizing the overall fiscal problem, was openly disapproving of the size of Mr. Reagan's military cut, although be

did not criticize the president di-

"A majority of my committee and a majority of the Congress are looking for larger cuts than that," be said. "The military will have to present their five-year plan in detail. They have not done that to this point. If they are convincing, they will get their way. If not, I bebeve there will be additional cuts required."

Later, be added that the overall military spending cuts "should be more in the neighborhood of \$30

PLO-Syrian Alliance Masks Deep Conflict

It litters at the idea of a Socialist own decisions on when to push the

government and of Communists in nuclear button.

The French Cabinet.

Mr. Mittetrand has, for examsaid, France will continue testing

he declared.

Arafat and Assad Guided by Suspicion, Not Trust

By Loren Jenkins Washington Post Service
BEIRUT — In the heady public posturing that usually masks the true nature of their politics,

it has always been a cardinal ar-ticle of public faith that Yasser Arafat's Palestine Liberation Organization has no greater cham-pion, or friend, than Syrian Pres-ident Hafez al-Assad.

· When the cameras are turned on the two leaders at periodic Arab summit conferences or their own regular meetings, they invariably are shown embracing warmly and chatting amiably Mr. Arafat, dressed in his traditional kaffiyeh headdress, and Mr. Assad, in his French-cut business suits, incessantly speak to their public of the brotherhood between the Syrian and Palestinian people.

Trying Cooperation

But it is no secret that the relationship between Mr. Arafat and Mr. Assad, his hard-nosed benefactor, has never been an easy one. In the age-old ways of the desert, it is suspicion, not trust, that rules their political re-

"It has always been a marriage of convenience," a PLO of-ficial in Beirut said. We Palestinians detest the Syrians and they detest us. But we have to live together, all the same." Life together, of late, has be-

come more trying than normal. PLO officials are quietly blam-ing Syria for orchestrating an underhanded campaign to discredit Mr. Arafat at the very time he is trying to present him-self to the world as the diplomatic statesman he would like to be, rather than the gun-wielding ter-rorist his enemies in Israel insist he will remain forever.

PLO sources say the campaign against Mr. Arafat includes plots against PLO diplomatic piots against FLO dipiomatic representatives in Europe, prob-ably even the shooting in War-saw of Mr. Arafat's PLO col-league Abu Daoud, and an embarrassing attempt to tar the PLO with a terrorist attack against a synagogue last month in Vicona. In some knowledgeable circles here, it is even al-leged that the anti-PLO campaign led to last week's assassination of the French ambassa-dor to Lebanon, Louis Delamare, whose only crime may have been his escort of French Minister of External Reiations Claude Cheysson to an encounter with Mr. Arafat in Beirut only days before his

PLO suspicion that Syria is behind all these events hinges on the hospitality Syria has extended recently to a disparate collection of anti-Arafat Palestinian dissidents grouped around a Palestinian renegade named Mazem Sabry al-Banaa, who goes by the code name of Abu Nidal. In the Arab world, Mr. Arafat

probably has no more implaca-ble enemy than Abu Nidal, a former member of his own organization whom Mr. Arafat expelled in 1972 and later sentenced to death in absentia for his violent opposition to any consideration of a negotiated settlement of the Arab-Israeli conflict. Abu Nidal's heresy was to insist that the gun and not the olive branch was the only possible solntion to the Palestine

Even in a region where politi-cal alliances shift with the ease of sand dunes in a desert storro, Abu Nidal stands out in a class all by himself.

Umbrella Organization

Outlawed by the PLO, the umbrella organization of Palestine resistance movements which Mr. Arafat has chaired for 12 long years, Abu Nidal and a hardened band of followers soon turned up in Baathist-ruled Iraq. They called their organization the "Fatah Revolutionary Command" and, according to Arab and Western intelligence sources, were soon working for the Iraqis, on whom their existence depended. From 1976 to 1978 Abu Nidal's group was held responsible for a series of terrorist acts in Syria, Irao's Ba'athist ri-

val, including a 1978 assassinanon attempt on Syrian Foreign Minister Abdel Halim Khad-

During the same period Abu Nidal was linked to assassinanons of PLO diplomatic representatives in London, Kuwait, Paris, and the Pakistani capital of Islamabad.

Having been condemned to death in absentia by a PLO tribunal for these acts, Abu Nidal replied by issuing his own death verdicts against Mr. Arafat and his second in command, Salah Khalaf, usually known as Abu

In the wake of Egyptian President Anwar Sadat's peacemaking trip to Jerusalem in 1978.

Arabs opposed to Mr. Sadat's action tried to put aside their own fratricidal disputes. Baghdad, in a gesture of reconcilia-tion with Mr. Arafat, agreed then to rein in Abu Nidal, curtailing his activities, then quietly expelled him from Iraq in 1979.

Unheard of for two years, Abu Nidal's group, reinforced with other dissident Palestinians made one of the great political turnabouts in the Arab world, suddenly cropping up in Syria this year, according to both PLO and Western diplomatic sources. As independents are given no more leeway of action in Mr. Assad's Syria than they had in President Saddam Hussein's



Yasser Arafat

Iraq, it has been assumed by everyone from Mr. Arafat on down that Abu Nidal, despite his earlier war on Mr. Assad's regime, had been given Syrian intelligence protection of some sort to carry out missions that Syria itself approved of.

The first signs that he was again going after Mr. Arafat and the PLO came last spring when the PLO uncovered a plot against their representative in the Yugoslav capital of Belgrade that led to the arrest of four Palestinians, including one wbo bad infiltrated the Belgrade PLO (Continued on Page 2, Col. 1)

INSIDE

Sweden Devalues

The Swedish government devalues the krona, freezes prices and plans to cut spending in an attempt to strengthen its sagging economy and make its exports more competitive.

Polish Miners

The Polish news agency PAP reports that 10,000 soldiers and recruits bave reported for work in Poland's coal mines to belp boost sagging coal production. The report follows government forecasts of widespread plant closings and possible economic collapse if coal production is not increased by million tons this year. Page

Japan Pressures

On Japan's northern island of Hokkaido, threats of attack by rightist extremists have made Satoshi Tomizawa decide to batten down the doors to the new two-story, concrete and steel headquarters of the Eastem Hokkaido Japan-Soviet Friendship and Trade Pavilion. Page 3.

Focus on Nigeria

A special supplement on Nigeria, 21 years after it achieved independence, appears on Pages 7S-18S.

Conservatives Lead Labor In First Returns in Norway

OSLO - Norway's Conservative Party was making large gains over the Labor government of Premier Gro Harlem Brundtland in general elections Monday, official computer forecasts showed.

swing of 6.9 percent to the opposi tion Conservative Party led by Kaare Willoch, a economist. If the trend continued, the Conservatives would increase their parliamentary strength by 15 seats to 56.

The predictions indicated a

The forecasi opened the possibility of a coalition majority against Mrs. Brundtland, Norway's first woman premier, and

With support from the small Center Party and Christian Peo-ple's Party, which could take 12 and 15 seats, respectively in the 155-member parliament, the Conservatives could oust Labor.

Mrs. Brunduland's party had so far won 38.1 percent of the vote compared with 42.3 percent at the last elections four years ago and stood to lose 10 of its 76 parliaméntary seats.

Setback for Labor

Earlier in the day, the first results also confirmed an expected major setback for the Labor Party of Premier Brundtland. "It's too early to draw any firm

conclusions hut it's not looking good for us," Labor Party Secretary-General Ivar Leveraas said on

The first returns confirmed forecasts of a heavy swing to the Con-

servatives, who have promised to cut taxes and curb bureaucracy.

Political analysts said that even if the Conservatives do not attain a majority, Mr. Willocb orobably would form a coalition with the Center and Christian People's par-

The Labor Party bas ruled Norway for much of this century, but Mrs. Brundtland, 42, a medical doctor, has held office for only eight months.

Advance polling began Sunday in some towns, but most Norwegians, including those in Oslo and rural areas, voted Monday.

An opinion poll taken after a television debate last Friday and published Monday gave Labor about 35 percent of the vote and the Conservatives about 32 per-cent. The Center Party was given ? percent and the Christian People's Party, 11 percent.

This would cut Labor's strength in the 155-member Storting by 12 seats, to 64, and produce a clear majority for a center-right coaliuon, which would capture 81 seats. The Conservative Party, with 41 scats in the present parliament. would gain 12 seats, according to the poll. Eleven parties are contesting the election.

Prospects of a non-Socialist election victory led to a steady rise in stock prices as the campaign drew to a close, Mr. Willoch, 53, has promised to stimulate the economy with tax cuts of \$1.2 billion over the next four years and open Norway's state-dominated oil industry to private enterprise.

Africans Accept Continued Presence as Guarantee of Status Quo in Strategic Area

8v Berné Debusmann

DIIBOUTI — Under the peeling Moorish celonnucies of the Cafe de Paris, ceiling fans whirling in a van battle against the brutal heat. French soldiers and legionmares relax over sold drinks imported

Opposite the crowded care terrace, across the paint-lined 27th of June Square, the burly French owner of Diffouti's best-appointed bookstore chais with a customer, a Frenchman of course. Around the corner, a smart countque offers chie dresses from Paris.

At a roadblock at the edge of the city, a member of the oudding national gendarment checks vehicles coming in from the arid desert hinterland. Three paces behind the black policeman, a young French officer watches over the proceed-

In schools across the republic of Djibouu, French teachers give lessons which differ little from those taught in France. In all but a handful of countries where Diibout has embassies, the consulates of France issue visas for its

Time Stands Still

For anyone who knew the place before it became independent on June 27, 1977, time seems to have stood still here.

The center of Diboun, one of the hottest capitals on earth, still looks more like a film set of Beau Geste" or "Casablanca."

French influence is all-pervasive, and the number of French-men here still stands at around 12,000, unchanged from the days when the country was known first as the French Somali Coast and later as the French Territory of the Afars and the Issas.

The French presence here includes about 4,000 troops, by far the largest contingent outside Europe and more than in the rest of Africa combined. Men of the 13th demibrigade of the Foreign Legion account for about a quarter of the French forces.

A squadron of Mirage-3 interceptors complements a ground force equipped with tanks, antiaircraft artillery, and bowitzers. They are far superior in numbers and equipment to the national armed forces. Few other countries are as de-pendent on their former colonial masters as Djibouti, which was ruled by France for 115 years. "Ours is a classic neocolonial sitnation," said an intellectual here. "We probably could not survive without the French."

On the face of it, the French presence should invite the wrath of lack nationalists and prompt condemnation from "anti-imperialist" countries from Libya to the Soviet Union. Yet, there is virtually unanimous agreement that French troops should stay in Djibouti to guarantee the status quo in an area of great strategie importance.

Djibouti, a sparsely populated country half the size of Denmark, wedged between Ethiopia and Somalia, traditional enemies in the

terrible armament race" and that

his nation "appeals to the United

States to take a reasonable, just and even-handed stance."

Begin Ignores Assurances

Minister Begin said Monday that

he could not rely on assurances that the AWACS reconaissance

planes the Reagan administration plans to sell to Saudi Arabia will

Mr. Begin, however, declined in

U.S. television interview to say

"I certainly can't rely on such a

pledge," he said when asked if he

whether he would order his na-

tion's warplanes to attack the AWACS if be felt they posed a

not be used against Israel.

threat to Israel.

NEW YORK (UPI) - Prime

troubled Horn of Africa. Both have in the past laid claim to the area whose main tribes have ethnic cousins across the borders. Djibouti lies on the western shore of the Bab el Mandeh, the

17-mile (27-kilometer) strait which links the Indian Ocean and the Red Sea. Much of the oil shipped to the industrialized West passes

through the straits.

The deep-water port here is becoming an increasingly important refueling point for U.S. naval vessels operating in the Indian Ocean and the Gulf.

"Troops Stay"

"We are here to protect Djibouti against outside attack," said a French paratroop colonel. "Ours is a deterrent force, bere to guarantee the independence of Djibouri. It is not a matter of French expansion-

The change of government in France earlier this year prompted speculation that the Socialist ad-ministration of President Francois Mitterrand might thin out the French force in Djibouti. "No. there is absolutely no question of that," said a senior French diplomat here, "The troops stay."

Even the Soviet Union's allies in the Horn of Africa agree that they should. A few months ago, the leader of Marxist Ethiopia, Col. Mengistu Haile Mariam, told a visiting French government delega-uon he accepted the French presence as a guarantee against Somali

Libyan leader Col. Moamer Qadhafi, increasingly active in black African countries from Chad to Ethiopia, also appears content with France's military role in

Big Salaries

"We have nothing against the French troops stationed here." said Col. Qadhafi's ambassador to Djibouti, Jalal Daghely, "It is logical that Freneb troops should be in Djibouti and as long as they do not exceed their hrief — to defend the country — their presence is acceptable.

France pumps about \$200 million a year mto Djibouti, more than half of it for the upkeep of the French forces and much of the remainder for the salaries of French teachers and advisers.

According to some estimates, up

to two-thirds of that money ulti-

mately returns to France, into the bank accounts of Frenchmen who save as much as possible during their assignments here. "Many of the Frenchmen serv-

tion is not increased by 4 million tons this year. The agency said Poing in Djibouti have their French land needs a minimum of 168 milsalaries multiplied by 2.5." said a diplomat. "It makes it tough for lion tens to meet domestic peeds those of us who have to do with and provide coal for export. less generous allowances." Poland and the country's most bn-

"What can you do?" said a local portant earner of hard currency.
Polish officials decided Aug. 31 journalist. "The French are a hit like jealous women. But we need to send several thousand draftees

Scientologist Says **Top Church Aides** To Be Replaced

day quoted the predictions of a government anti-crisis staff as say-ing failure to boost coal produc-WASHINGTON - The Church of Scientology, reacting to a host tion was due mainly to shorter of adverse publicity, including criminal convictions of some of its working hours. During the widespread labor un-est last year. Polish workers won a top officers, said over the weekend that it is replacing some of its leadlive-day week. The issue of ending

In a statement made public by the church on Saturday, Bill Franks, successor to the founder, L. Ron Hubbard, as executive director international, was quoted as telling church members that the group's England-based top office, known as the Guardian's Office,

"An obvious example might be the criminal cases," the Franks directive said in a reference to the conviction of 11 top Scientologists, including Mr. Hubbard's wife Mary Sue, on conspiracy and other charges related to breaking into U.S. government offices and steal-

ing documents.

Mrs. Hubbard, according to officials of the group, holding the position of controller, was the top officer of the church at the time of the criminal activity. The second in command, Jane Kember, known as the guardian, was also convicted on charges stemming from the break-ins.

Church officials in the United States said the new controller is the Rev. Gordon Cook, who has headed the eburch in South Africa. Scientology officials said the ouster of Mrs. Hubbard and Miss Kember were the major changes, but that a wholesale "upheaval" had been made across the board in the group's U.S. headquarters office in Los Angeles.

22d IRA Prisoner Joins the Hunger Strike in Ulster

The Associated Press BELFAST — An IRA prisoner, Gerard Hodgins, refused breakfast in his cell in Maze prison Monday to join a hunger strike hy six other nationalists, the Northern Ireland

Office reported. Mr. Hodgins, 21, is the 22d na-

nonalist to refuse food since the bunger strike began March I in an effort to force the British government to grant Republican guerrillas the status of political prisoners.

He is also the youngest man to join the fast m which 10 men have already died. The British refuse to make any concessions to the pris-

The longest surviving faster at present is Liam McLosky, who vas on his 43d day without food Monday. His condition was said to be stable.

NATO Chief Opens Games, Stresses Nuclear Updating

VAERLOESE AIR BASE, Denmark — NATO's top commander opened the West's autumn war games Monday and said be wanted to see the alli-ance's nuclear armory updated.

U.S. Gen. Bernard W. Rogers said about 300,000 troops from 13 countries were taking part in the "Autumn Forge" maneuvers, a total of 26 exercises from northern Norway to Turkey.

Gen. Rogers came to Vaerloese Air Base near Copenhagen to review troops from eight countries that will take part in "Amber Express," an exercise on Sjaelland, the island site of Copenhagen, a few hundred miles from the area of the Baltic Sea where the Soviet Union con-

The PAP report followed dire

government forecasts of wide-

spread plant closings and possible

economic collapse if coal produc-

Coal is the major fuel source in

into the mines for a year of work.

PAP said about 2.500 soldiers and

7.500 recruits have reported to the

Workers' Protests

pressure on the independent labor

federation Solidarity, PAP on Sun-

the six-day week almost set off a

The struggling economy and growing union challenge of Com-munist authority sparked scattered

warning protests Monday by

At a Warsaw printing plant, em-

ployees displayed signs reading. We shall not work for 16 eggs a

day." The black market price for

eggs has risen to about 50 cents

apiece, meaning that 16 eggs now

cost an average day's wage for most Polish workers.

In the western town of Gorzow

Wielkopolski, workers bung

banners from factory walls urging

Tools Laid Down

in the northwestern town of Pila

laid down their tools for an hour

Monday and threatened another

strike Friday to protest confisca-

tion of two booklets written by ed-

itors of their plant newsletter, la-bor sources said.

The action by workers followed

breakdown in talks between

plant managers and local Solidar-ity officials. Sources said the book-

lets were histories of worker unrest

in Poland and Hungary in 1956. It was the latest in a series of

protests over control of publica-

tions and mass media. Solidarity

has vowed to break the state's mo-

nopoly on control of press, radio and television and gain access 10

the mass media.

Polish factory workers, mean-while, on Monday invited critics in

the Soviet Union for a visit to clear

up misunderstandings about the independent trade union move-

But the official media in Czech-oslovakia, Bulgaria, Hungary and

Poland itself continued to criticize

Solidarity and accuse it of trying

Monday's invitation to workers at Moscow's Zil truck plant from workers at Warsaw's PZL trans-

port equipment factory followed

Naples Police, Jobless Clash

NAPLES — Unemployed people trying to storm a labor office clashed with police in the Naples

port area Monday, police said. The

to seize power.

Workers at an electronics plant

In an apparent effort to put new

Monday.

mines so far.

national strike.

workers across Poland.

more food in the shops.

ercises were planned long in ad-Gen. Rogers sand that his first

aim as supreme allied commander in Europe was to see that the North Atlantic Treaty Organization's 1979 decream to modernize its medium-range nuclear weapons was carned through, and that his second priority was to strengthen conventional (orces.

Questioned about the neutron warbead, which President Reagan has decided in produce and stockpile in the United States. Gen. Rogers said that the weapon would be mintarily usefal, but that he was against ans-

ducted big maneuvers last week.

The general said the timing the decision to station 572 was a coincidence, as major ex-Western Europe.

The Denmark exercise features the deployment of NATO's Allied Mobile Force, a multipational unit whose purpose is to make clear that any attack against it would be considered an attack against the whole all-

Britain, the United States, Canada, Denmark, Beignen, Lexembourg, Italy and West Germany are taking part in the exercise, in which 22,000 troops are involved. Four major exercis es unvolving more than 25,000 men each are taking place in West Germany this week and

The Czechoslovak news agency

Ceteka said a meeting of workers

at a Bratislava factory had con-

demned what it termed unscrepa-lous attacks by Solidarity against

the Polish government and Com-

Hungary's Communist Party daily accused Solidarity of paralyz-

ing the Polish economy, spring.
The primary responsibility for the

disastrous state of the economy

Arabs Seeking to Rally Opposition to U.S.-Israel Pact go aicraft and stockpile U.S. agreement coupled with "uncon-equipment left little doubt that ditional and unlimited support widespread Arab anger over the By William Claiborne new ties. The Saudi official was Washington Fire Service quoted as saying the agreement could plunge the Mideast into "a that the United States has been

BEIRUT - The Arab world has accelerated its efforts to rally opposition to the proposed strategic cooperation agreement between the United States and Israel. branding the pact as a "danger-ous" change in the Middle East and vowing to attack it with a unit-

The five-member, hard-line Steadfastness Front, consisting of Syria, Libya, South Yemen, Algeria and the Palestine Liberation Organization, will reconvene a summit Tuesday in Linya, official Syrian sources reported.

Moreover, the November Arah summit scheduled for Rabai will be called upon "to take a bold, objective and comprehensive stand that would put an end to the American-Zionist aggression and thwart the joint schemes, new and old." said the Iraqi government

newspaper Al Thawra. The PLO had yet to issue an official statement on the agreement. hut PLO sources said Prime Minister Menachem Begin's offer for Israel to provide protective air cover in the Mediterranean for U.S. car-

(Continued from Page 1)

office. The suspects, according to

the PLO, were found to have links

In June, Abu Nidal was held re-

sponsible for the assassination of

Naim Rhader, the head of the

PLO in Brussels. When Ahu Daoud, the PLO guerrilla chieftain held responsible for the planning of the 1972 massacre of Israeli ath-

letes in the Munich Olympics, was

shot five times in a hotel in War-saw Aug. 1, PLO investigators sus-

pected Ahu Nidal rather than the

Israelis that have so long been

Mr. Arafat's greatest embarrass-

ment, however, has come from ac-

could not have been more calculat-

to Abu Nidal.

President Reagan had promised as a quid pro quo not to talk with the PLO and not to pressure Israel against a new military strike against Palestinean guerrillas in

'An Escalation'

A PLO official called the strategic cooperation plan "an escalation in the American and Israeli conspiracy" against Palestinians. PLO chief Yasser Arafat is expected to attend the reconvened sum-

Syrian Foreign Minister Abdel Halim Khaddam, at the end of a tour of Gulf states to drum up opposition to the plan, condemned Mr. Reagan's "hostile policies," and urged Arah governments to at-tack U.S. interests in the Middle

Mr. Khaddam will accompany Syrian President Hafez al-Assad to Libya for the conference, which was first proposed when Libyan leader Moamer Qadhafi visited Damascus recently.

In Kuwaii, a government spokesman said the Israeli-U.S.

ure in encouraging Mr. Aratat to

seek a negotiated peace with Israel.

Abu Nidal's group has been blamed with the murder this sum-

mer of the head of the Austrian-

Israeli friendship society in Vien-

n.i. an effort to infiltrate two well-

armed guerrillas into the city on

the eve of a state visit by Egyptian

President Sadat (which was can-

celed for security reasons), and the

gun and grenade attack Aug. 29 by

The synagogue attackers, who

pean leader to give the PLO offi-cial recognition, has been a key fig-Vienna attack.

two Arahs on a Vienna synagogue of the ambassador's Beirut resi-that left two dead and 20 injured. dence and Syrian Army road-

made a point of identifying them-selves as members of the PLO de-spite Mr. Arafat's disavowal of the raid, have since been identified by

arm of Abu Nidal's movement, cred to have been a gross mistake

In his tour, Mr. Khaddam reportedly carried personal messages from Mr. Assad to leaders of Saudi Arabia, the United Arab Emirates, Oatar, Bahrain and Kuwait.

giving to Israel has enouraged the

Jewish state to persist in its expan-

sionist and settlement policies at

the expense of the other Arabs and

in definance of UN resolutions.",

Saudis Reported to Oppose Pact

TAIF. Saudi Arabia (AP) — Contrary to U.S. reports, Saudi Arabia strongly objects to an Is-raeli-U.S. military cooperation nact because it threatens Mideast peace, the official Saudi Press

Agency said Monday. The agency distributed a statement, attriouted to an unnamed Saudi official, reacting to a State Department claim that Crown Prince Fahd, when consulted by Secretary of State Alexander M. Haig Jr., did not object to new U.S. Israeli strategic ues. The agency said Prince Fahd could not possibly have ignored

It is Mr. Assad's well-known dis-

pleasure with Mr. Arafat's recent

independent diplomacy that has

led many knowledgeable Arah

sources - and at least one Beirut

newspaper — to point the finger of

responsibility at Syria for the as-

sassination, after an apparently

foiled kidnapping attempt of Am-

ing, which took place within sight

blocks - one of which the assas-

Mr. Delamare's death is consid-

The investigation into the kill-

hassador Delamare Sept. 4.

received any guarantees from the United States that the radar planes would not be used against Israel. "Perhaps the Saudis will not give such a pledge." Even if they did, be said, he had no reason to accept

PLO-Syrian Alliance Conceals Underlying Disagreement The immediate roots of the current dispute between Mr. Arafat and Mr. Assad go back at least a year, when Syna, in support of fran's war with Syria's own antag-

> d'etre, the Israeli issue. Since that time, both Mr. Assad and Mr. Arafat have been hitterly at odds in private about their rela-

> ers in public. PLO sources complain that Mr. Assad is not willing to allow Mr. Arafat any independence of action that would undermine his own cherished role of primacy over the PLO, which depends on Syria for arms and security in hase areas in Lebanon where 30,000 Syrian tronps are stationed as members of the Arab League peacekeeping

While no one has yet linked Abu vowed by their masters or, if neces-

on his own," a PLO official maintained. "They only operate when it is in the interest of their government to do so."

Russia Lifts Price Consumer Goods

MOSCOW - Prices of gasoline. vodka, jewelry and other "nones-sentials" are to be increased sharp-ly. Nikolai T. Glushkov, head of the state committee on prices, an-

time in less than four years, to 40 kopeks a liter, or \$2 a gallon at the official exchange. Mr. Glushkov also announced price increases of 17-27 percent for alcohol and to-bacco, and of 25-30 percent for jewelry, china, carpets, fur, leather clothes and quality furniture.

At the same time, Mr. Glushkov declared that the prices of basic foods and services would remain unchanged, while prices of some other goods like synthetic fabrics, wristwatches, antihiotics and cosmetics would be reduced by 12-

pattern established in the Soviet Union over the past 25 years steep and abrupt increases for goods available to only one-tenth of the population coupled with sta-hility in the cost of heavily subsidized staples and decreases in the price of unpopular or overstocked goods.

creases was to soak up mushrooming savings held by Soviet citizens in state banks and at home. The basic problem is that wage increases since the war bave far outstripped availability of consumer goods, creating what capitalists would call an inflationary condi-

the release of a letter in the name of Zil employees that condemned From Agency Disputcher
WARSAW — Ten thousand seldiers and recruits have reported for work in Peland's coal mines to Solidarity. Trybone Lude Charges help boost sagging coal produc-tion, the official news agency said

Into Coal Mines to Boost Sagging Output

Poland Sends 10,000 Soldiers, Recruits

But the Polish Communist Party

daily Trybuna Ludu repeated charges that Solidarity was attempting to sense power and said its campaign for workers' cambral of factories was the first stage. The next stages comprise the

taking over of people's councils and the Sejra," the newspaper said. The state-controlled media elsewhere in Eastern Europe reported that workers in their countries firmly rejected Solidarity's call for

rests now with the Solidanty lead-The Bulgarian news agency BTA expanding the free trade union

munist Party.

said the Polish union was acting as a front for reactionary forces in the West and its im was to seize

WORLD NEWS BRIEFS

Briton Gets 5 Years for Firing Pistol at Queen · United Press International

LONDON — An unemployed teen-ager pleaded guilty Monday to firing a blank cartridge pistot at Queen Elizabeth as she rode horseback during a military ceremony in June and was sentenced to five years o prison for his "wicked" act.

Attorney General Michael Havers said in court that Marcus Simes Sarjeant, 17, had been plotting to assassinate the queen and settled on a starter's pistol and blanks because he was unable to obtain a real gun a

bve ammunition for his father's handgun.
"I have little doubt that if you had been able to obtain a live gun or live ammunition for your father's gun you would have tried to murder her majesty," Judge Geoffrey Lane told Mr. Sarjeant during sentencing

Suspects in Bologna Blast Held for Questioning The Associated Prest

LONDON --- Seven Italians, suspected of being rightist extremists and wanted for questioning in the Angust, 1980, bombing of Bologna's rail-road station that killed 85 persons, were ordered held in police custody on Monday until Sept. 22. Scotland Yard officials said the six men and a woman - it was report-

ed earlier that nine persons were arrested — would be questioned Italian police. Carlo Colombotti, an attorney representing the Italian government, said officers were on their way to London from Rome. Sources at Scotland Yard said Italian authorities were expected w

seek extradition of the seven, who were arrested by London anti-terrorist police Thursday and Friday. All are wanted in Italy for, among other charges, "participation in armed bands," a catch-all charge used by luiian authorities in the hunt for the Bolgona bombers.

Tehran Street Fighting Continues; 78 Executed United Press Internationa

ANKARA — Guerrillas fought Revolutionary Guards in the fifth straight day of street battles in Tehran, while Tehran Radio said 78 members of the leftist Mujahaddin Khalq guerrilla group were executed during a three-day period ending Saturday.

Exile sources said fighting erupted Sunday in two areas of Tehran.

Witnesses said at least two persons were killed and five arrested during the clashes. The leader of the Mujahaddin, Massoud Rajavi, said in Pans that the street warfare was a new phase of the group's struggle to overthrow the Islamic regime.

Meanwhile, an Interior Ministry spokesman quoted by the radio Mor-day said that 41 persons had registered to run for president in the Oct. 2 elections announced Sunday and that a total of 45 candidates was ce-

Air Force Challenges Proof of Cooke Immunity

ANDREWS AIR FORCE BASE, Md. - Air Force prosecutors at gued Monday that attorneys for 2d Lt. Christopher M. Cooke had tailed to prove that he had been given an effective grant of immunity from

espionage charges.

May. Charles B. Heimburg said Lt. Cooke's anomey, F. Lee Bailey, presented no evidence that Gen. Richard Ellis, the now-retired commander of the Strategic Air Command, had ever authorized an immunity grant. Gen. Ellis was the only official legally entitled to give that immunity.

nity. Maj. Heimburg said as the prosecution began its rebuttal to Mr. Bailey's motion for dismissal of charges against Lt. Cooke.

A former deputy commander of a Titan-2 missile launch crew, Lt. Cooke is charged with providing Soviet officials with military data and not reporting his visits to the Soviet Embassy in Washington.

Egyption Press Recounts Alleged Soviet Plot

CAIRO — Egyptian newspapers Monday published accounts of a Soviet plot against the government involving politicians detained during President Anwar Sadat's internal crackdown this month.

The government-controlled Cairo press said Egyptian intelligence had

nnearthed links between the Soviet and Hungarian embassies and com opposition politicians, university lecturers and journalists. Those eight including former Deputy Prime Minister Abdel Salam al-Zayat, were among 1,600 people arrested in a roundup of religious and political

group threw stones at paramilitary police, who responded with tear gas. At least two policeman and Mayo, weekly newspaper of the ruling National Democratic Party, said Mr. Sadat also was planning a small Cabinet reshuftle and the appointment of new provincial governors later this month. one attacker were taken to a hospi-

China Said to Widen Basis for Taiwan Talks

find difficult to resist, according to diplomane analysts. This offer will probably be made

more enticing and more official over the next few months, the analysts believe, and may be elaborated upon Oct. 10 when both Peking and Taiwan celebrate the 70th anniversary of China's 1911 revolution that deposed the last emperor. Qi Feng, deputy director of a hranch of the Chinese news agency

that serves as Peking's political legation in Hong Kong, told a recent meeting celebrating the anniver-sary that the Communist Party believes negotiations could be beld with the Nationalists and that Taiwan could be reunited with the mainland on the basis of the principles laid down by Dr. Sun Yatsen, leader of the 1911 revolution. for the Chinese republic.

This meets a frequently mentioned Nationalist precondition for negotiations, a demand usually thought of as unacceptable to the Communists and thus a protective harrier against direct talks.

Mr. Qi, recalling nast coopera-tion between the Communists and Nationalists, suggested they

Bonn Outlines Opposition to **Higher EEC Bill**

BRUSSELS — West Germany gave the European Economic Community a forthright statement Monday of its refusal to go on paying a rising bill for the commu-

nity.

The West German position was outlined to foreign ministers by its deputy foreign minister. Peter Corterier, at the start of two months of tough hargaining over the EEC's \$22-million hudget. His statement won immediate support from Britain, which is also

fighting for cuts in its EEC membership bill. Last year. West Germany had to pay a net contribution to EEC funds of more than \$2 hillion. more than three times as much as

Britain, the only other net contrib-

mor, Mr. Contenter said. West Germany did not mind being the biggest, or even the only, paver in the EEC, he added. But it did object to being a heavy net contributor when other countries as nich or richer than West Germany were making a substantial profit from the EEC budget

and powerful motherland." a ma- overseas Chinese.

ed. For Premier Bruno Kreisky. Last week, Agence France-Presse resulting from panic rather than

Ahu Nidai in Vienna. The choice of Austrian police investigators as may never be published. Mr. Delamare's death

who in 1979 became the first Euro-reported from Paris that al-Asifa conspiracy.

jor theme in Peking for the last What was new, bowever, were cluding Mr. Deng. that future cooperation could include a major governmental role for the Nationalists. The suggestion of party-to- manuever.

party talks was also new, and it

Industrial Nations To Boost Aid to **Poorest Countries**

PARIS — Major industrial coun-tries have agreed at a conference in Paris to boost substantially their aid to the world's poorest countries, officials said Monday. A compromise agreement was

reached after a two-week UN con-

ference on development aid that was attended by 155 nations. Industrial countries said they would increase aid to the world's

contributions. . The donor countries did not say when they would reach these objectives, only that it would be "in

the coming years." The developing countries' "Group of 7T" had wanted a com-mitment of 0.15 percent of GNP hy 1985 but some industrial countries said the larget was ton severe in the present economic climate. Under the lext of the agreement that is expected to be adopted by consensus, industrial countries are also committed to strive for an overall Third World aid commit-ment of 0.7 percent of GNP.

Hiroshima Protests To Russia on A-Test

The Associated Press TORYO - The mayor of Hiroshima sent a message of protest on Monday to the Soviet Union over the nuclear detonation it reportedly conducted in Siberia on Sunday, a city official said.

Hiroshima, one of two Japanese cities hit by atom bombs in World War II, said in its protest to the Soviet ambassador in Japan that it abhors nuclear weapons development for any reason and that its citizens feel deeply enraged at the reported test.

"should join hands for a third time was made to former President for peaceful reunification of the Carter during his recent visit to Pecountry and building a prosperous king as well as to Hong Kong and

Proposal Vague

Pro-Communist sources declinsuggestions by Chinese leaders, in- ed to give full details of the most recent Peking offer, saying the pro-posal was being left publicly vague to allow both sides ronm to

An independent monthly magazine, however, suggested that the outcome of such talks would certainly be major ministerial positions for the Nationalists as well as a substantial say in central govern-ment policies. In addition, their continued authority on Taiwan

would be assured. Communist newspapers here continue to give considerable attention to proposals that President Reagan as an old friend of Taiwan might attempt to bring the two Chinese parties together, a move that would place considerable

pressure on the Nationalists. S. African Team 31 poorest nations either by giving 0.15 percent of their gross national product or doubling their present For Rugby Tori For Rugby Tour

CHICAGO — The 36-member, racially-mixed Springboks team from South Africa arrived in the United States Monday for a rugby tour, making a refueling stop in Los Angeles and then flying to Chicago, where its first game against U.S. teams was scheduled

for Saturday. In Los Angeles "there were more cops than demonstrators" around the American Airlines aircraft, an airport security spokesman said. The team was greeted by a small group of well-wishers when it landed at Chicago, but no hecklers were on hand.

land tour was marred by clashes Saturday between police and demonstrators protesting South Africa's policy of apartheid. African diplomats have said they expect black African nations

will boycott the 1984 Olympics if

The end of the team's New Zea-

the team's U.S. visit isn't canceled. The Washington Post reported Saturday that the Soviet Union will ask the International Olympic Committee to remove the Olympics from Los Angeles if the Springboks are allowed to play in the United States.

onists in Iraq, forced the PLO, and other members of the so-called Arah rejectionist front, to boycott an Arah summit meeting in Am-man which had been called specifically to deal with the PLO's raison

tions, while professing to be broth-

Nidal with the French ambassa-dor's killing PLO sources privately are saying that his actions abroad are not necessarily distinct from policies conducted hy other Syrian proxies in Lehanon. The use of proxy forces in Middle East politics, especially in anarchic Lebanon, is a popular tool, because such forces can be publicly disa-

sary, even eliminated. What enrages PLO officials in Beirut about Abu Nidal's actions is the belief that they can only be

conducted with Syrian approval.

"In Damascus nobody operates

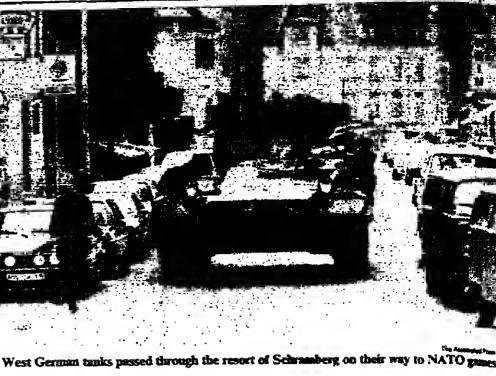
Of Gasoline and

New York Times Service

nounced Monday evening.
Effective Tuesday, gasoline prices will be doubled for the second

37 percent.
The increase followed a pricing

A critical although officially unacknowledged factor in the in-



Mexico's Self-Esteem Shaken by Oil Slump, Criticism on Salvador

By Alan Riding New York Times Service

MEXICO CITY - After three ens of rapid economic growth nd rising international prestige, Menco's self-assurance has suddenly been shaken by the drop in world oil prices and sharp regional phoism of its policy toward the President José Lopez Portillo,

nas jumped to defend his adminis-NEWS ANALYSIS

minus management of the econonly mants recent decision to rece El Salvador'a guerrilla led opposition as a representative po-

Yet events abroad appear to bave combined with the domestic planetrainty that traditionally precedes the selection of the countries. by's next president to create a new mood of introspection and even self-doubt.

"Nothing very dramatic has happened," a foreign diplomat remarked. "But Mexicans tend to swing from ecstasy to pessimism Things were going so well for them that the first setbacks seem to have shaken their confidence.

Image Abroad Having experienced a severe economic crisis in 1976, Mexicans were in fact surprised to find that, within two years, immense oil dispoveries had transformed the country's image abroad. Suddenly, the government was not only courted by major industrial powers, including the United States, but it was also able to raise its water — and to be heard — on in-

General Assembly . Reculurges Sanctions ing () Against S. Africa

United Press International UNITED NATIONS, N.Y. -The UN General Assembly coniemned South Africa on Monday or refusing independence to couth-West Africa (Namibia) and reged stringent sanctions against retoria. The vote was 117-0, with 5 abstentions, including the Unitd States, Britain and France.

After hearing 131 speakers in a rueling emergency debate since ept. 3, the asssembly was ready or a vnte Friday night but post-noned it when Algeria, speaking or 50 African delegations, introluced amendments to make the esolution of condemnation conform with the UN Charter.

The resolution urged the UN Security Council to impose comprenensive sanctions against South Africa and called upon all states to acks from there against neighborig states, such as the recent incur-

The resolution also appealed for screased material, financial and rilitary assistance for the guerrilis of the South-West Africa Pcole's Organization, and demanded nat the UN independence plan n Nambia be put into operation

By Cynthia Gomey .

Washington Post Service

IMA — The Reagan adminis-

tion has caused a minor outery

the Peruvian press by nominat-

it who by some accounts cut

ort an earlier tour of duty in ru because of allegations linking m to the Central Intelligence

Frank Ordz, the proposed am-

ssador, is a 30-year veteran of Foreign Service who was chief

litical officer at the U.S. Embas-

tober, 1968, the Peruvian mili-

d began what was portrayed at

time as a social and economic

rolution, including the much-blicized expropriation of a ma-

U.S. owned oil company.

A year later, according to two
tuer government officials who

Te confidents of Gen. Juan

lasco Alvarado, then the presi-nt, certain rumors and observa-

as involving the oil company ex-

priation and other politically sitive issues led Gen. Velasco to

lieve that Mr. Ortiz was working th the CIA. As a result, these of-ials say, Gen. Velasco called the S. Embassy to ask that Mr. Or-

be removed from his position. According to these officials and

at the time, U.S. officials asked

at Mr. Ortiz's departure be de-

ed long enough to allow him to ve quietly, with no international

6. Three months later, Mr. Ortiz

me deputy chief of mission in uguay. The CIA allegations

ne never proved, and both Peru-n Foreign Ministry officials and ne U.S. diplomats now say there

Haughty, Insensitive

the Carter administration, ien it was reported that he had

en transferred from ambassado-

ula, in part because of disagree-

mis with administration policy.

tiz's departure.

overthrew the government

in Lima from 1967 to 1970. In

y December.

In the Caribbean region, which it now describes as its "natural area of influence," Mexico began to assert a leadership that, despite its size, it had never exercised. In Nicaragua, Mexico for the first time in its history became a major donor of foreign aid. And, in an agreement with Venezuela, it pro-vided cheep oil to the entire re-

with its economy growing by 8 percent during each of the past three years, Mexico enjoyed a beam. Mexican oil production tripled, proven oil reserves grew tenfold to 70 billion barrels, government production arrels, government production of the past tenfold to 70 billion barrels, government production of the past tenfold to 70 billion barrels, government productions of the past tenfold to 70 billion barrels. emment spending expanded annually by 50 percent, record business profits were recorded and, for the first time, new jnbs more than matched the number of youths entering the labor market each year.

The first worried looks appeared in late Iume when a worldwide oil glist forced a drop in oil prices of \$4 a barrel. In strict economic terms, its effect on Mexico was not great. The loss of about \$2 billion in revenues prompted a cutback of 4 percent in public expenditures, but the government still expects to earn about \$15 billion from oil exports in 1981.

The crisis atmosphere generated by daily proclamations of nationalistic determination shook the ansue determination show the confidence of many wealthy Mexicans and, during a two-month period, foreign bankers estimate that between \$5 and \$6 billion left the

In foreign affairs, Mexico appears to have been as surprised by the reaction to last month's French-Mexican declaration recog-mining the Salvadoran opposition as it was by the world's refusal to pay a premium of \$2 a barrel for Mexican oil. Following the joint statement, more than a dozen Lat-American countries charged Mexico and France with interfer-ing in El Salvador's internal af-fairs.

Mr. López Portillo asked a few days ago how the Salvadoran opposition could not be considered a representative political force" if the guerrillas were so strong that El-Salvador's junta "has requested and admitted the intervention of a foreign country in its affairs, a clear reference to U.S. military aid in El Salvador.

The move by Mexico, he said; was "an effort to awaken the con-science of humanity and prevent the Salvadorans from continuing

to destroy each other."
The sharp criticism of Mexico's position nevertheless prompted Foreign Minister Jorge Castaneda de la Rosa to concede Mexico's relative isolation" on the issue, and led to some questioning in do-mestic political circles of the wisdom of such an assertive Central

American policy. dent expected to be revealed within the next two months, political nervousness is at the peak of its

six-year cycle. Following tradition, Mr. López Portillo will choose the candidate of the Institutional Revolutionary Party for next July's presidential elections from among senior gov-ernment and political leaders. The party's nomince has won every election in the past 62 years.



Helen Dolan Wilson, 74, clings to the hand of her daughter in Chicago on Saturday while seeking to refute charges that she received substantial cash gifts from Cardinal John P. Cody.

Friend of Chicago Cardinal Denies Gifts Made Her Rich

CHICAGO - Helen Dolan Wilson said over the weekend that published reports that Cardinal John P. Cody made ber wealthy at the ex-pense of the Roman Catholic Church are "scandalizing" and make her look like a "kept woman."

"They make me seem like a tramp," Mrs. Wilson, 74, a lifelong friend of the cardinal, told the Chicago Tribune in a copyrighted story published Sunday. "They're accusing the cardinal of being a thief and they are scandalizing me."

The Chicago Sun-Times, in a series of articles that began Thursday, said a U.S. grand jury is investigating whether Cardinal Cody diverted up to \$1 million from two unaudited church accounts to buy Mrs. Wilson a home in Florida, a luxury car, designer clothes and furs.

The Sun-Times said that Mrs. Wilson is beneficiary of a \$100,000 surance policy on Cardinal Cody's life, that she received a secret salary from the Chicago archdiocese but was never seen working there, that she has traveled widely with Cardinal Cody and lists her summer address at his mansion in Chicago.

U.S. law prohibits tax-exempt church funds from being spent to imroperly enrich any individual.

Cardinal Cody, 73, archbishop of the largest Catholic archdiocese in the United States, said Saturday that he was falsely accused and would respond once all the charges are published. On Sunday, Cardinal Cody said at the Divine Providence Church in

aburban Westchester that the stories about him are "slanderous reports and nasty innuendos" and "unfounded attempts to destroy the unity" of the Roman Catholic Church.

"I never thought that this type of persecution would continue in this enlightened day," said Cardinal Cody, who was given two standing ova-

In an interview in the Chicago office of her attorney, Mrs. Wilson acknowledged that the cardinal gave her gifts and financial help but insisted theirs was a "brother-sister" relationship that began during their childhood in St. Louis.

She broke into tears and replied, "Oh my God, no," when asked if the relationship with Cardinal Cody was anything different. Mrs. Wilson said Sun-Times reports that Cardinal Cody frequently visited her residence in Florida are false.

She was paid by the archdiocese from 1969 to 1974 while she worked in Cardinal Cody's Chicago mansion, cooking, redecorating, ordering repairs, housekeeping, and running errands, she said.

ake punitive measures individualy. It condemned South Africa "for on the mood of the country has been magnified by the fact that, with the name of the next presi I l'amitia" and for its armed atwith the name of the next presi-Of California Nuclear Plant

By Mark Landsbaum and Bob Secter

Los Angeles Times Service AVILA BEACH, Calif. — Anti-nuclear demonstrators have said they would not start their long-awaited blockade of the Diablo Canyon Nuclear Power Plant until Tuesday at the earliest.

The decision to wait at least one more day could add to feelings of restlessness in the protesters' tent city north of the plant and among the growing number of law enforcement pesonnel, who have been in a state of readiness since Wednesday when protesters began gathering.

Another in a series of meetings of protest representatives was scheduled for Monday. "If we reach consensus on the fact we are in readiness, we will go Tuesday at no specific time," said Jay Newbern, a representative of Abalone Alliance, the group organizing the blockade.

Protesters were still trickling into a campsite 15 miles (24 kilometers) from the front gate of the nuclear facility, but their ranks were still well below the 5,000 to 30,000 that had been expected. The Abalone Alliance refused to divulge how many protesters were present, but it appeared that no more than 1,500 persons had

checked into the camp. The San Luis Obispo County Sheriff's Department, which is coordinating the security effort, was no longer releasing estimates of the number of local and state law enforcement officers deployed in the area to prevent demonstrators from barring access to the

Although officers said they have had little to do since being called into the area, Sheriff George Whiting announced that he had put his deputies on 12-hour shifts and had called in additional outside offi-

The widely publicized event has been billed by its organizers as an attempt to use a human blockade to prevent the Pacific Gas & Elec-tric Co. from conducting low-pow-er tests at one of its two reactors at Diable Canyon

PG&E maintains that the reac tor will be fired up as soon as the federal Nuclear Regulatory Agency gives the go-ahead for testing, probably Sept. 21, and that the plant is so self-sufficient that it can operate under a virtual state of

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Japan Split on Future of Soviet-Held Islands

By Tracy Dahlby R'ashington Past Service

KUSHIRO, Japan - Amid threats of attack shouted from soundtrucks belonging to Japan's rightist extrem 's. Satoshi Tomi-zawa decided iss: week to batten down the doors in the new twostory, concrete and steel building he operates in Kushiro.

Mr. Tomizawa is the manager of the Eastern Hokkaido Japan-Soviet Friendship and Trade Pavilion. one of five such structures that have sprouted on the Hokkaido landscape in recent years to cater to Soviet officials and business representatives who ply a booming trade with Japan's second largest

The state of siege was touched off by Premier Zenko Suzuki's trip to Kushiro last week to campaign for the return of four islands seized by the Soviet Union at the end of World War II, and reflects the deep split in local sentiments on an issue that has raised strong emotions throughout Japan.

The noisy members of Japan's rightist organizations mared through the streets of Kushiro, Japan's largest fishing port, en route to Nemuro, just more than 160 miles (260 kilometers) away, where Mr. Suzuki's Self-Defense Force belicopter touched down last Thursday after his inspection tour of the Soviet-held islands.

Dressed in olive drab farigues and with soundtrucks blasting out pre-war martial bymns, the rightists gathered to protest the government's stand on the reversion is-sue. They assert that the government has been too "soft" on the Soviet Union, although Tokyn has recently taken a tough new public

Tight security kept the rightists far from Mr. Suzuki's official party. But they did succeed in registering a loud protest to local business groups, who they charge are selling out Japan's national interests in favor of close and profitable ties with the Soviet Union.

Pro-Soviet Attitudes

The Suzuki visit capped a national drive that has drimmed up overwhelming public support for the return of the Kuril Islands in recent months. In bringing pledges of economic aid for local areas here, however, the Suzuki govern-ment appeared to acknowledge the serious breach in public opinion in Hokkaido between groups favor-ing friendly ties with the Soviet Union and those insisting that Japan should get the islands back no matter what the costs.

Pro-Soviet anitudes are strong

among businessmen in Hokkaidn who stand to loose lucrative timber contracts and fishing concessions from the Soviet Union should they too openly endorse Tokyo's policies. Those sentiments are mirrored in the support for organization's such as Mr. Tomizawa's.

Mr. Tomizawa ushered recent visitors into a spacious reception room festooned with Japanese and Soviet flags. Here, amid the por-traits of Lenin and Soviet leader Leonid I. Brezhnev, Mr. Tomieral hundred visiting Soviet digni-taries each year and hands out pro-Soviet literature to local Japanese.

Kushiro's Soviet friendship padion, like the ones that dot Hnkkaido's other major port cioes, was built at Soviet prompting. One hundred local businesses put up \$150,000 to construct the building and contribute to its upkeep in bopes of Soviet favors.

Fisheries Activities

Fishing dominates the economy of this city of 206,000 and the industry slumped badly in 1976 when Moscow proclaimed a 200-mile (320-kilometer) economic sea zone, cutting 'Kushiro's fishermen out of traditional fishing grounds in Soviet waters. Since then, they

Japan to Develop 4 Arms Systems

TOKYO - The Japanese Defense Ministry will develop four new weapons systems, including a ground-to-ship missile and a new battle tank, at a combined cost of 58.5 billion yen (\$252 million), a

ministry spokesman said Mnnday.
The ministry plans to develop
the missile by 1987 at a cost of 20
billinn yen (\$86 million) and is
seeking an initial budget of 7.8 biliion yen (\$33.6 million) to build a prototype. The tank will be devel-oped at a cost of 25 billion yen (\$107.7 million) by 1988, and the ministry is requesting 7.1 billion yen (\$30.6 million) for a prototype.

The ministry also plans to develop a laser-guided, anti-tank missile, costing 8 billion yen (\$34.5 million), and a new system to mount the existing 35mm anti-air-craft machine gun on tanks, at a cost of 5.5 billion yen (\$23.7 milhave gradually been allowed back take up the reversion movement

Yatsushiro Hirano, an official at et response." the Kushiro city office, said, "Kushiro is the biggest base of [Japan's] fishing force and the Soviet Union is our biggest partner. All fisheries activities must be coordinated with the Soviets, so we can't

without taking account of the Sovi-

The Kremlin has rejected negotiations no the islands' future. It claims that Japanese public opinion favoring reversion has been artifically created by Tokyn. Last December, Kushiro's city council

passed a resolution endorsing the return of the four islands, but as in most other major economic centers in Hokkaido, the weighty economie interests at stake make enthusiasm for the movement hard to muster. "There is a feeling," Mr. Hirann said, "that things must be done in a friendly way."

Chinese Dissident, Jailed Without Trial, Smuggles Out Rare Account of Hardships

By Victoria Graham

The Associated Press PEKING — Liu Qing buddled in his tiny cell, rigid with cold his 35-year-old body shriveled and covered with bruises. He closed his eyes against the glaring lights and tried to shut out the ravings of other inmates in solitary confine

One thing, be said, kept him from madness: "I want the people to know the truth." In the West, Mr. Liu would be

known as a political prisoner. In China, be is called a counterrevo-With the help of friends, be was able to smuggle an account of his experiences out of a labor reform

camp. The Associated Press nb-tained a copy of it. The 200-page manuscript, entitled "A Dispirited Recollection and Observations — I lodge my complaint before the court of socional control of the court ety," provides a rare glimpse into the shadowy world of Chinese prisons and labor camps for dissi-

Week Person'

dents.

Mr. Lin says he wants the story told because "I am just a weak person. I have no way to bring my voice to society and get support

and sympathy."
Within this judicial system there is no way to discuss things reasonably," he writes. "I want the people to know the truth. Thus social forces will be mobilized to stop unlawful acts."

Mr. Liu, a mechanic by trade, says be was not imprisoned be-cause he was editor of the mildly critical, unofficial magazine April Fifth Forum, nor for committing a vinlent crime. His offense was publishing a transcript of a public trial. For that be was sentenced to three years in prison - called a labor reform camp — without a trial and without being officially

ranged the tape recording of the "public" trial of dissident Wei Jingsheng, attended by a handpieked audience, and then sold transcripts of the tapes.

Friends Arrested

Several Iriends selling the transcripts at Peking's now-defunct Democracy Wall were arrested Nov. 11. Mr. Liu went in the Pub-Security Bureau to demand their release. He was arrested and questinned for bours about who made the tapes and why,
When Mr. Liu asked what crime

he had committed, be was told that he had committed, he was time that selling pamphlets about the dissident Mr. Wei was "making counterrevolutionary propaganda."

Mr. Liu replied that it was a word-lor-word account nl a public

trial. "If you think the contents are counterrevolutionary propagan-da," be said, "then the trial itself must be a counterrevolucionary ac-

Enraged and red-faced, his in-terrogator pounded the table. "You must answer these ques-tions," be declared. "We have all kinds of ways of dealing with an

insignificant person like ynu. This is an organ of dictatorship." "Legal action is not an inflexible said another interrogator. There always are exceptions. Anyone can be imprisoned with-

out proceedings." Solitary Confinement

The next day be protested that detention without legal proceed-ings was tantamount to kidnapping and went on a bunger strike to demand a public trial. For the next five months, Mr. Liu remained in solitary confinement in a Peking prison, with only a thin cotton blanket to protect him from cold so severe that it made his His movements in the 6-square-

yard cell were watched by closed circuit television. The lights were In October, 1979, Mr. Liu ar- on 24 hours a day and nearly

ASEAN Aid to Cambodians Tied to Front With Pol Pot

United Press International STNGAPORE - The Association of Southeast Asian Nacons will support "in every possible way" non-Communist Cambodian resistance forces only if they join a coalition with the Communist Khmer Rouge, a senior Cabinet minister said Monday.

The minister who requested anonymity said ASEAN which groups Singapore, the Philippines, In-donesia, Thailand and Malaysia in a non-Communist socio-economic bloc, would give former Cambodian head of state Norodom Sihannuk and former Premier Son San aid in the form of weapons. economic assistance and diplomatie support, only if they worked in a coalition.

Mr. Sihannuk and Mr. Son San lead the two non-Communist Cambodian factions resisting the Vietnamese occupaonn of the country. They agreed in Singapore two weeks ago to work toward establishing a coalition government with the former rulers, the Communist Khmer Rouge led by Pol

The official warned that ASEAN would not give aid to in-dependent factions "which have nn legal status." Such a move would counter ASEAN's support of a coaltion government to pressure Hanoi to withdraw its forces

from the country. Meanwhile, Deputy Premier for Foreign Affairs Sinnathamby Rajaratnam has left Singapore for the UN General Assembly where he will seek to persuade other Western countries in support the ASEAN stand, he said.

Mr. Rajaratnam expressed con-fidence that the Khmer Rouge will retain Cambodia's seat at the furthcoming UN meeting. Last year, 74 countries voted for the Khmer Rouge to retain its seat.

3 Resistance Groups Meet BANGKOK (Reuters) - Cam-

bodia's three main anti-Vietnamese resistance groups have begun a series of meetings to try to form a coaliunn.

Asian diplomats close to the groups said they expected an agreement on the outline of a government-in-exile before the open-ing of the UN General Assembly

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The United Nations still recogmizes the ousted Khmer Rouge, one of the groups taking part in the talks, as the legitimate Cambodian government. The three groups said in a state-

ment on the first meeting in Bang-

kok on Sunday that they had agreed on a working procedure lor forming a new government. Further talks were to take place in Bangkok soon, they said The two other groups taking

part were the anti-Communist Khmer People's National Liberation Front and the group supporting Prince Sihannul The leaders of the three groups who met for the first time in Singa-

pore earlier this mooth, agreed in principle to firm a coalition gov-ernment and establish a joint military council of their guerrilla forces. They left details to be negotiated.

But following the Singapore meeting the Khmer Rouge radio has accused Mr. Son San of vinlating the agreement by announcing he was to be premier-designate of the new government.
Mr. Son San, whose 4,000-man

Inrce is heavily outnumbered by an estimated 40,000 Khmer Rouge guerrillas, has demanded that key posts in a coalition government be given to his group. He also wants Khmer Rouge leaders responsible for the mass killings during their nearly four years in power to go into voluntary exile.

The diplomats said the differences between the groups were still wide and further detailed negociations were necessary before a coalition government could be formed.

Bombs in Philippines Kill 2 and Wound 13

ZAMBOANGA, Philippines — A grenade tossed into a crowded downtown restaurant and a bomb in a public market killed two persons and injured 13 in this southern port city, according to authori-

ties Monday.

A woman and an 11-year-old girl were killed and six persons were wounded in the grenade attack on the restaurant Sunday. On Monday, potassium nitrate ex-ploded in Zamboanga's public market, injuring seven persons.

out and his left leg went numb. "In the beginning, I talked to myself and sometimes I bad an intense debate with an imagined opponent," be wrote. "I tried to remember formulas in physics and chemistry ... I thought a lot about my mother and the griel I brought in the last few years. I felt very

blinded him. His hair began to fall

guilty. All the while, the interrogations continued. The questioners wanted to know about the tape recording and the democratic movement in

"Legal nr illegal is not a ques-unn," Mr. Liu wrnte later. "There is nuly the question of big nr small influence. If one has great influence, then he cannot be released. He must be beaten like a mangy dog with a broken spine so when be comes back in society he will not constitute a threat. When will

my motherland reform? On July 21, 1980, Mr. Liu was sent to the Lotus Flower Temple labor camp in Shanxi province for "re-education through labor." It was surrounded by 20-foot walls topped by electrified barbed wire. He is still there.

"They can push me around at will," Mr. Liu wrote. "However, I still will face them. I still will struggle until I am defeated."



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s nothing irregular about Mr. They said Gen. Velasco became concerned about Mr. Ortiz during Mr. Ortiz also had trouble durnegotiations over the U.S.-owned International Petroleum Co., which became a kind of nationalis-I posts in Barbados and Guate-

shortly after taking power. But critics of the Ortiz nominaing to the two former officials and
n — some of whom disagree to a published political chronology
the the official version of his linal of Gen. Velasco's government,
eks in Peru — say it is both Peruvian officials raided the offic-

In Peru Over U.S. Ambassador Nominee previous era's most volatile U.S.-

Pernyian conflicts. "It's just asking for trouble," said Enrique Zileri, editor of the influential and generally pro-government news magazine Caretas, which has run several editorials at-tacking the nomination. "It'a a

show of arrogance, I think." The newspaper Correo, saying that it was irrelevant whether Mr. Ortiz belonged to the CIA, called his nomination "a dispiriting example of how out of touch the Reagan administration is with Latin America." Correo said that current LICA askeredor Edwir Correo said that current LICA askeredor Edwir Correo said that current LICA askeredor Edwir Corre rent U.S. Ambassador Edwin Corr has worked comfortably with the government in Lima and has avoided conflicts with the substantial Peruvian left. Now he is to be replaced with a diplomat who

even before arriving has rekindled anti-American passions." El Diario, the most widely read newspaper of the Peruvian left, has declared that Mr. Ortiz was "expelled from Peru years ago for being a CIA agent." The leftist newspaper Kausachum, which is edited by Gen. Velasco's former press secretary, Augusto Zimmer-man, has made similar statements.

Files Raided

Gen. Velasco died in 1977, and most of the few men closest to him in the Ortiz matter are out of the country or unwilling to discuss it publicly. But roughly the same ver-sion of events was described recently in interviews with Mr. Zimmerman and with retired Gen. José Graham Hurtado, who was chief of Gen. Velasco's advisory committee and a close associate of

tic revolutionary symbol when Gen. Velasco expropriated it Then in October, 1969, accord-

haughty and insensitive to send es of a private security firm run by back as ambassador a man who an American. They reportedly became identified with some of a found files on 50,000 Peruvians, with background and political information on each.

Rumors reportedly linked these files both to the CIA and to Mr. Ortiz, though no such evidence was ever made public. According to Mr. Zimmerman and Gen Graham, it was the discovery of the files that prompted Gen.

the country. accused simply by rumors....At

con't find anybody but a ques-tioned man when there must be dozens or hundreds of qualified people as good or better? It seems like a kind of vendetta on the part of the United States."

the Carter administration over its Carter policy, until he was finally

transferred out of Guatemala. Mr. Ortiz is close to Reagan for eign policy advisers. As one Foreign Service officer said, "He took it in the ear for what is essentially current U.S. policy, and they owe



"Dld Allegations of CIA Link Spark Outcry

Velasco to ask that Mr. Ortiz leave "The important thing is that they never found a single element of proof," said Julio Balbuena, undersecretary for political affairs at the Foreign Ministry, which has officially conveyed the Peruvian government's acceptance of Mr. Ortiz. "On the contrary, he's been

that time there was a zenophobia against everything American." But Gen. Graham said, "Let's suppose there was nothing, and there was just a scandal. This is a gny who isn't going to help relations between our countries...A country as big as the United States

While Mr. Ortiz was ambassa-dor to Guatemala in 1979 and 1980, he came into conflict with buman rights policy. Criocs said he resisted applying the kind of pressure called for under the



Page 4 Tuesday, September 15, 1981

Merchants at the Summit

You would have thought that when Ronald Reagan and Menachem Begin finally held their long-planned summit they would get serious. Do they really have a common sense of the realities in the Middle East? Does holding Egypt and drawing other Arab nations into an anti-Soviet coalition require an early answer to the Palestinian question? How could U.S. and Israeli military power protect the area against further Soviet advance and shield conservative Arab regimes against domestic threats? What are the possibilities, and limits, of the special ties of the United States to Saudi Arabia? How can Lebanon be pasted together again?

And when they tired of these knotty issues, you would have thought the two leaders would at least briefly reflect on their disputes in recent months. How, without bombing Baghdad, would Reagan have dealt with Iraq's suspicious nuclear program? How, without bombing Beirut and Palestinian concentrations in Lebanon, would Reagan secure Israel's northern frontier? What conditions, in fact if not in contract, does the United States put upon the weapons it sells Isra-el? How firmly will the United States oppose the progressing Israeli annexation of the West Bank?

It was certain, to be sure, that the summit would be wrapped in public declarations of mutual esteem and dependency. But in private as in public, this meeting seems to have amounted to nothing more.

All the proclamations of "alliance" and "strategic consensus" represent no significant policy turn. Some easy plans for further collaborations were shamelessly inflated. Mr. Begin will go home claiming that for all of Washington's recent condemnations, his U.S.

flank is secure. Mr. Reagan will cite that harmony to support his arguments in Congress that selling advanced military equipment to Saudi Arabia does not stab Israel in the back. The tough issues were all evaded. Two merchants have got what they could from each other; there were no statesmen in the

Statesmen, and real friends, would have sorted out the dangerous policy confusions between them. For the Israelis profess to trust Mr. Reagan's deepest instincts more than any other U.S. leader's. And Mr. Begin is finally recognized in Washington as a formidable politician, whose policies are now growing deep, deep roots.

But Mr. Reagan is also picking up largely where Jimmy Carter left off. He woos Saudi Arabia even to the point of breaking promises to Israel on the scheduled arms sales, and maneuvers in backdoor negotiations with the PLO, at least implying support for partition of the West Bank. Mr. Begin, meanwhile, is fast closing the door on any Palestinian homeland. He vows to hold every inch of the West Bank and predicts that the House of Saud will soon go the way of the shah of

The assumptions that give rise to these positions are not easily reconcilable. The overriding question before Israel and the United States at this juncture is not whether they are best described as "allies" or "collaborators." It is whether their separate diplomacies can long sustain real partnership. If their leaders refuse to face that question in moments of calm, the contradictions will only keep bursting upon them in crisis.

THE NEW YORK TIMES.

Spooks Who Don't Fade Away

Old soldiers may fade away. But what hap-pens to old spooks who don't? To be precise: What happens to folks who have spent a career practicing the black arts of covert action, working in an atmosphere of conspiracy, sometime-illegality and dedication to their cause and never doubting that they had the tacit consent and perhaps even the gratitude of the higher-ups for the shortcuts that were essential to their job? What work are they fit for, professionally and mentally, when they come infrom the cold?

Four years ago reporter Bob Woodward disclosed information suggesting that at least a small handful of former covert operatives, including a man named Edwin P. Wilson and some anti-Castro Cuban exiles, had made a questionable detour. The government was asking, he reported, whether they had gone into the terrorism business for the Libyan dictator, Moamer Qaddafi. The story enjoyed a brief run and was enveloped in a cloud of internal government concern.

The same story, elaborated, is enjoying a Wilson, formally supplying explosives, weapons and training to Libyan terrorists and of plotting an assas-sination on behalf of Col. Qadhafi, is said to be a fugitive in Tripoli. Fresh attention is being thrown on the ways in which he apparently used his CIA connections and his CIA aura to market his services after formal retirement and to recruit others -- some still in the agency — to help him provide them. The frustrations of investigators in obtaining reliable information and witnesses to penetrate this world of practiced deceits and interna-

tional shadows are on plain view. Aside from media chance, the evident reason the Wilson affair is again at center stage is that in the interim a new administration came to power pledging to combat interna-tional terrorism, especially Col. Qadhafi's. It is sobering news that, through the likes of Mr. Wilson and some erstwhile confederates

and some old Cubans, the United States it-self had a hand in creating the very menace that it is now combating.

It is in the nature of covert action, or in the nature of the public's view of it, that there are people who suspect that some outer sancturn of the CIA put Mr. Wilson up to his Libyan tricks and some inner sanctum is still "running" him. You will also find people who see in the latest revelations a KGB disinformation operation intended to discredit the CIA just as it starts girding for a new cold

Actually, the facts, as best we understand them, are quite prosaic. Within days of learning of Mr. Wilson's doings in 1977, CIA director Stansfield Turner fired a number of . CIA employees whose contacts with the already-retired Mr. Wilson he deemed questionable. Informed congressional overseers have found no reason to doubt that, then or since, intelligence officials perceive the danger retired rogues can do the agency's standing and work.

No matter how many old CIA hands, tirees and ex-contract employees alike make good adjustment when they leave covertaction, incidents like the Wilson affair and the assassination of Orlando Letelier, not to: speak of Howard Hunt and Watergate, demonstrate that some do not. It is an ugly prob-

The publicity in these cases may have a certain value in raising the level of agency as well as congressional and public consciousness of the problem. Perhaps the CIA or its alumni associations should consider accepting some responsibility, if not to keep an eye on the old boys, then to aid the re-entry of those whose only salable talents are black. The moment when a new wave of covert action may be in the offing is precisely the right time to ponder the rogues left over from the last round.

THE WASHINGTON POST.

Exports Are Also Imports

Yet another leaked draft from inside the administration shows the Commerce and State departments to be at work on a proposal to eliminate the requirement that foreign governments be notified before U.S. companies export hazardous products. Should the plan be forwarded to the president and adopted, it would undo a sensible compromise policy agreed to only a year ago.

There are many who believe that the United States should forbid the export of substances — pesticides, drugs, consumer prod-ucts, chemicals for instance — banned or tightly restricted in the United States. This ignores the reality that the risks and benefits. involved in a regulatory decision vary greatly among countries. The classic case is DepoProvera, a cheap, long-lasting, effective contraceptive banned here because of possible long-term health risks. In many developing countries where skyrocketing population growth has created great hardship, the balancing of risks and benefits yields a different judgment.

A sensible policy not only must accommo-

date these differences; it also must encompass a number of economic, political and environmental interests that point in conflicting directions. The policy must not interfere too greatly with trade by U.S. companies.

The compromise eventually agreed to by Jimmy Carter and Congress allows exports of dangerous substances, only after the importing country is notified of the risks involved. It is not a perfect solution, but it is the best balancing of these various interests yet put forward. Businesses have complained because of delays and paper work, but these are modest in comparison with the benefits. The draft plan's argument that current controls should be dropped because a "unified, international approach" would be better is a fancy way of saying, let's do nothing. An effective international notification system does not now exist. Until it does - and the United States should continue to support its creation -- the U.S. unilateral controls should be kept in place.

THE WASHINGTON POST.

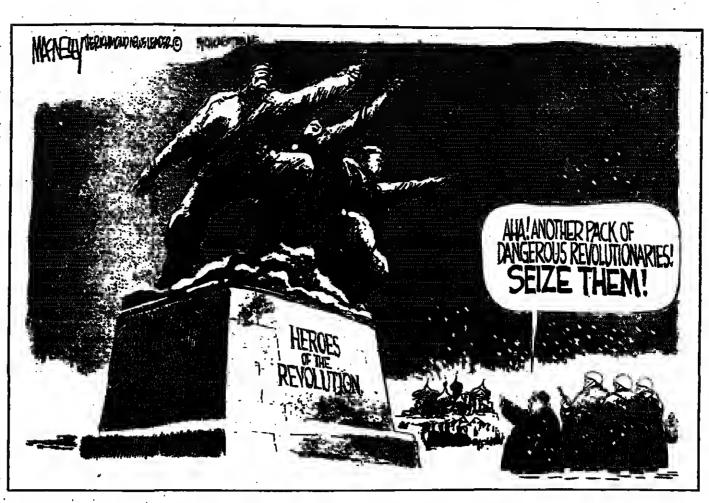
In the International Edition

Seventy-Five Years Ago September 15, 1906

HAVANA — U.S. sailors who landed in Havana at President Palma's request on Thursday afternoon, were ordered back to the cruiser Denver vesterday morning. The city was then quiet, but the Cuban government has shown many signs of being demoralized. The insurgents have made a proposition to lay down their arms if the United States guarantees them a fair trial. Cienfuegos is reported as in a state of siege, and it is understood that the Marietta has landed men there. Sugar plantations owned by Americans have been destroyed by the insurgents. The tenor of a dispatch from President Roosevelt's home makes intervention seem improbable.

September 15, 1931

of the interior, veteran of the Austro-Hungarian army and chief figure in the Heimwehr organization, was taken into custody yesterday. Members of the prince's staff also were arrested, as were hundreds of other persons implicated in yesterday's short-lived attempt on the part of the Heimwehr to dethrone Vienna's Socialist government and establish a Fascist dictatorship. Walter Pfrimer, head of the Styrian Heimwehr organization, who led the putsch and declared himself dictator, was nowhere to be found today. He was believed either to have fled to Italy or to



The Lenin Touch on Poland's Situation

By Vladimir Solovyov

NEW YORK — Not long before the Bol-shevik seizure of power in October, 1917, Lexin wrote that a revolutionary situation exists when the masses will not, and the government cannot, live as they did before. Without pausing to judge the universal validity of that classical Leninist statement, I would argue that his maxim, which I was made to memorize at the South the transfer that institute that I attended, fully exclaim the property Polish I attended, fully exclaim the property Polish I attended, fully exclaiments. plains the present Polish situation.

Before the Polish Communist Party's sum-

mer congress, debates between moderates and conservatives in the party assumed a particularly scholastic, sectarian and abstract character, barely touching upon the realities of the political crisis. Only 3 percent of those surveyed recognize the party's legitimacy, according to an unofficial poll of Polish public opinion conducted by the French journal Paris Match. That figure is even lower than the percentage of the population that the party claims as its membership.

Surprising

It is surprising, therefore, that the congress, largely ceremonial in nature, was seen as such a momentous event in Poland as well as in the Eastern Bloc and the West, Time is now working against the party bureaucrats who daily are abandoning one position after another in the face of a spontaneous national movement of

The movement is transforming the party from a governing body to that of an opposition force, while at the same time radicalizing the independent labor union Solidarity so that its leadership is not co-opted by the exisiting system. Solidarity itself is experiencing a metamorphosis. Beginning as a movement of opposition, the union already has become, under pressure from the populace, the de facto rulers of the Delish nection. pressure from the po of the Polish nation.

Lenin's appraisal of what consitutes a revolutionary situation is apt in this context: The Polish government no longer can govern as before because the Polish masses no longer will accept such rule. But is Solidarity ready to assume state power? The union has shown brilliantly that it can act as an astrate opposition, but can it come to grips with the nation's eco-

For that matter, is anyone capable of resolving Poland's enormous economic difficulties? ing Poland's enormous economic difficulties? Could David A. Stockman, President Reagan's budget director? Could Milton Friedman? Could God? (An anecdote currently in vogne has Pope John Paul II asking God whether be will live to see the day when Poland's economic crisis will end. In reply, God said, "Not only will you not live to see that day, but neither will I.")

Paradoxically, during Poland's long-awaited year of freedom, the economic situation has not improved but has worsened. Its debt to the West has increased to \$27 billion, coal production has declined sharply, exports have plum-meted, and the food distribution system is in shambles. Emigrants are streaming out at an alarming rate.

Poland's experiments with democracy have not been smooth or simple in the past. Historically, democracy often gave way to anarchy or logomachy, which in turn led to yet another period of dictatorship. The brief period of Pol-ish independence in this century between the two world wars witnessed the coup d'etat of 1926, led by the "Socialist" Josef Pilsudski, who established a military dictatorship, the so-called "Sanaja" (National Rebirth).

Today, internal anarchy threatens the Polish revolution no less than foreign intervention. In order to extricate itself from its economic quandary, and at the same time to withstand pressure from Moscow, Poland needs a strong government. Talk of a new "Sanaja" as the only means of escaping from the present plight is in the Polish air. However, revolutionary aspirations often, as in the past, lead to dictatorOne can say with certainty that any attempt to impose a pro-Soviet dictatorship in Poland would be met by a national uprising.

Conversely, the Poles would accept a dictatorship with a clearly defined patriotic character, if this dictatorship succeeded in ending economic chaos and and political anarchy. The naming of Gen. Wojciech Jaruzelschi as premier, and the subsequent appointment of four-other generals to Cabinet posts, coupled with the election of 10 voting and seven nonvoting members to the Polish party's central commit-tee — all from the military — is a step in the direction of effecting a Polish "18th of Bru-

Polish Napoleon

Of course, the mild and nervous Gen. Jaruzelscki, who hardly resembles Marshal Pilsudski, would be even less likely to play the part of a Polish Napoleon. Neither does the leader of the Polish proletariat, Lech Walesa, fit the role of a dictator. Individually, neither man seems able to fill the part. But what if they pooled their efforts? In any case, the exigencies of the situation have created a power vacuum and a need for a "national savior." As is well known, power vacuums are never left unfilled for long.

The question is whether a union is possible between the Pole Jaruzelscki and the Pole Walesa, between the Polish generals and the Polish revolutionaries, between the Polish army and Solidarity, between the soldiers and the workers. Do those groups possess suffi-cient patriotism to unite against the threat of anarchy, disintegration and the end of Polish sovereignty?

Vladimir Solovyov, Russian-born historian and journalist now living in New York, has just com-pleted a book, "Russian Paradoxes." He wrote his article for the Los Angeles Times.

Portugal: Rough Road Ahead of Premier

By Ken Pottinger

ISBON - When Portugual's 14th post-revolutionary gov-criment took office early this mouth, it marked a new watershed in the turbulent political history of this country since the return of de-mocracy in 1974. Taking office was Social Democratic leader Francisco Pinto Balsemão, succeeding himself, in a one-act drama which, but for its serious implications, had all the makings of a national soap opera.

Mr. Pinto Balsemão's resigna-Mr. Pinto Bassemao's resigna-tion one warm sticky August week-end was followed a week later by his reappointment in an areane dispute which boiled down to an unresolved six-month old leader-ship crisis within the Social Democrats — major partners with the Christian Democrats and monarchists in the governing Democratic

The icadership problems began last year on Dec. 4 when Francisco Sa Carneiro, the pugnacious founder of the Social Democrats and architect of the ruling alliance, died in a plane crash three days before a crucial ballot to elect a new head of state.

---Letters-

Hassled at Airports

The lead paragraph in the Page I Reuters article, "One Big Mess" (IHT, Aug. II) about delayed and cancelled liights to and from the United States reads "The transatlantic turmoil" is "a result of the strike by U.S. air traffic controll-

This is not correct. The chaos at

that time was caused by the Cana-dian air traffic controllers flexing

their muscles against their own government. They caused tremen-dous inconvenience to thousands of people and simply took a free ride on the unlawful situation in

the United States, which has virtually nothing to do with planes being grounded in London, Paris

and Amsterdam.
Indeed, flights in the United

States are running almost normally

with domestic air traffic flowing

smoothly. Conversely, for the past

six months it has been practically impossible to fly anywhere in Eu-

rope without running into strikes, slowdowns and outright refusal to

I have been hassied in Hamburg,

slowed down in Stockholm,

pushed aside in Paris and left in

the lurch in London. Now the "English disease" has been carried

over to Canada. If the airport

With him perished the three-pronged alliance program of a parliamentary majority, a Democratic Alliance government and a govern-ment-backed president, designed by Mr. Sa Carneiro to transform the country. With only two of the three objectives achieved, the party Cassandras were soon out chant-

ing doom.
Such was Mr. Sa Carneiro's charismatic power and control of the party and the government that his death left an unfillable gap and indelibly marked the young democracy's development. Thus the mantle, which fell on Mr. Pinto Balsemão's shoulders when the bereaved party first asked him to take the premier's job last Christmas, was always certain to be a heavy one. Ambitious adversaries within the party immediately set about working against him and an unceasing guerrilla war against Mr. Balsemão continued all this

The minority hard-liners sought to create permanent institution conflict in the power-sharing semi-presidential system operating here, hoping to force President Antonio Ramalho Eanes out of office and

turned to office. **Critical Minority** The critical minority in the Social Democrats thus proceeded to hamper Mr. Pinto Balsemão's ef-

forts at governing until by the summer he was to declare be had had enough and tender his resignation. The strategy was to discredit his opponents and effectively si-lence them. His plan was largely successful with the critics backing off in disarray, but the conflict is probably not over yet. In Mr. Sa Carneiro's day, the

terim-presidential ballot.

Opposing this line, Mr. Pinto Balsemão made it clear that his

government would respect the electorates wishes as expressed in two national elections late last year

when both the conservative alli-

ance and the moderately center

leftist President Eanes were re-

dissidents would have been ex-pelled from or forced out of the party, a purifying tactic he used with terrifying effect several times in the short history of the Social Democrats. Mr. Pinto Balsemão, Democrats. Mr. Pinto Balsemão, however, is made of different mettle so the hard-liners will probably live on to fight another day.

Neverthless, the 44-year old newspaper proprietor, who prefers conciliation to conflict, has em-

erged strengthened from the mid-summer upheaval. His problem in the Democratic Alliance today, is but a shadow of what it started out to be — the great reforming liberal administration which would set to rights all the mistakes of the Marxinspired revolution and lay solid groundwork for Portugal's carry to the European Economic Com-munity, scheduled for 1984.

Its opponents, like Socialist leader Mario Soares are already writing it off and certainly the composition of the new Cabinet. embracing the top men of the three parties involved, has the air of a last ditch attempt to keep the Alli-

ance affoat for its full term ending 1984. get their own conservative candi-date elected in the subsequent in-

Should continuing contradictions cause it to break up, there would almost certainly have to be an early general election with no clear sign of what sort of grouping would emerge victorious from such an event.

To add to the taxing difficulties facing Premier Pinto Balsemão, the country is in deep economie difficulty with inflation this year expected to top 20 percent, the bal-ance of payments deficit reaching record highs and an extended drought coupled with forest fires adding enormously to the import-

ed food and raw materials bill. The rising value of the dollar against the escudo has not helped, with Portugal now getting deeper into debt to pay its costly imported fuel requirements all invoiced in dollars and the large scale U.S. grain shipments it buys.

Tough economic austerity lies ahead at exactly the moment when Portugal needs to quadruple its anmual growth rate in comparison to OECD member countries if it is is to bridge an existing development gap before joining the EEC.

Mr. Pinto Balsemão is going to need plenty of determination and more than his fair share of good fortune if he is to pull off the social and economic transformations promised by the alliance when it was first formed in the middle of

1979. 01981, International Herald Tribune.

Letters intended for publica-tion should be addressed "Letters to the Editor," and must include the writer's address and signature. Priority is given to letters that are brief and do not request anonymity. Letters may be abridged. We are unable to acknowledge all letters, but value the views of readers who submit

A Lack Of Interest In Justice?

By Anthony Lewis

BOSTON — The Reagan administration has long since made elear its radical character: its break from long-settled ideas of the public interest. Its policies on the environment and public health, are widely observed examples. But for me the most striking example came in a brief filed last week in

the Supreme Court.

The solicitor general, Rex E.

Lee, told the Court that the federal government has no legal "interest" in a pending constitutional ques-tion: whether, under the 14th Amendment, Texas may exclude the children of illegal aliens from public schools. The government will take no position on the issue, the brief said, because it affects, only "the state of Texas, not the United States."

In so saying, the administration broke with more than 30 years of history. In countless cases, under both Democratic and Republican administrations, the Justice Department has told the Supreme. Court that the United States has an interest in the interpretation and enforcement of the 14th Amendment It has repeatedly and successfully — urged the Court to hold states to the amendment's guaranty of equality in the treatment of aliens and minorities.

Many of the constitutional land-marks of the last several decade: were state cases in which the Justice Department gave its views in briefs filed as a friend of the court. An outstanding example was the school segregation cases, Brown vs. Board of Education.

In 1952, under the Truman ad-In 1952, under the Truman administration, the Justice Department filed a brief arguing that school segregation was unconstitutional. The leading book on the cases, Richard Kluger's "Simple Justice," says that the brief was crucial in a particular idea it advanced: that the Court would not have to order segregation ended everywhere overnight but could al-low gradual implementation. That relieved the anxieties of some jus-tices about a decision against segregation.

After hearing the school cases, the Court in 1953 ordered them reargued. This time it asked the Justice Department to take part in the oral argument. By now the Eisenhower administration was in office. In December, 1953, Assist-ant Attorney General J. Lee Ran-kin argued for the federal government. Asked by a member of the Court what the Eisenhower administration's view was on the basic issue of segregation, Rankin replied:

"It is the position of the Department of Justice that segregation in public schools cannot be main-tained under the 14th Amend-

The Eisenhower administration and its Democratie successors also played a part in the apportionment cases, which found that grossly un-equal districts for the election of state legislators violated the Con-

stitution. the way for courts to consider such issues when in 1960 it found un-constitutional the racial gerrymandering of the city boundaries of Tuskegee, Ala. Mr. Rankin, by

then solicitor general, filed a brief arguing for that decision. When the larger question of legislative apportionment came along, Mr. Rankin was ready to file a brief saying that it, too, was appro-priate for judicial resolution. But the Kennedy administration had taken office before the brief was filed, by Solicitor General Archibald Cox in 1961. Mr. Cox made oral arguments in that and the later apportionment cases.

All these cases were decided under the Equal Protection Clause of the 14th Amendment, which says that no state shall "deny to any person within its jurisdiction the equal protection of the laws."

Mr. Lee, in his brief in the Texas case, suggested that the United States lacked a legal "interest" when no federal law but only con-stitutional rights were at issue. But that has been true in many cases over these recent decades. In 1947, in urging the Supreme Court to hold racial real estate covenants unenforceable under the Constitution, the Justice Department explained its interest in a passage that began:

"The federal government has a special responsibility for the protection of the fundamental civil rights guaranteed by the Constitution and laws of the United

The Texas case shows again how little the Reagan administration deserves the label "conservative." Far from respecting precedent and continuity, it is moved by politics and ideology.

and ideology.

To see a solicitor general sign such a brief is especially sad. That office is a unique one, with responsibilities to the Supreme Court and to history as well as to the government of the day. The solicitor gen-eral speaks for the United States in the Court, and the justices expect more from him than politics. If a justice now asks Mr. Lee a constitutional question like that put to Mr. Rankin in 1953, be will presumably answer: "We don't care."
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Fifty Years Ago

VIENNA - Prince Starhemberg, former minister be hiding in a mountain hut.

government employees. I am sick and tired of languishing in airports and being herded around like cat-tle in a Kansas City stockyard just

because some jerk doesn't feel like working today.

Airport employees have been taking advantage of their captives—the traveling public. Maybe a few other governments should fire a few people who don't want to work and solve part of the unemployment problem by thiring those ployment problem by hiring those

T. HILLIARD STATON.

On Moderation

So Saudi Arabia is a "moderate nation"! Maybe through Caspar Weinberger's Bechtel-tainted glasses it is, but one wonders which Saudi Arabia the U.S. defense secretary may be speaking about: The one in which "human rights" is a dirty word? Or the one which calls for a holy war against Israel? Or is it perhaps the one which, although temporarily braking the increase in the price of oil (not out of concern for the world, of course, but in or-der to preserve the dollar value of her own resources), is responsible more than anybody else for the scandalous stranglehold that OPEC has on the rest of the world,

including America.
ZALMAN SHOVAL. world has gone mad — which it apparently has — let's not put the blame on an illegal action by U.S. Saint-Paul-de-Vence, France.

Herald Tribune

John Hay Whitney

International Mental Talbune, S.A. zu captul de 1200.000 F.R.C.
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René Bondy Richard H. Morgan Associate Publisher

Publisher

Executive Editor

15 U.S. Nuclear Plants Rated Below Average'

By Ben A. Franklin New York Times Service

WASHINGTON -The Nuclear Regulatory Commission's first national survey comparing the per-formance of atomic power plants lists 15 as "below average" in such areas as management control, section and overall compliance with operating regulations.

The appraisals of the perform-

ance of the nation's 50 operating dear plants are contained in a staff report that is to be presented to the full commission next month. According to a copy obtained by The New York Times, the docu-ment tists nine plants, or 18 percent, as "above average;" 26, or 52 percent, as "average," and 15, or However, the report said no plant was rated lower than "below

everage" or had such significant hout the safety of its operation. The report stems from the agency's action plan adopted after the reactor in March, 1979; and reflects conditions that existed in late 1979 and 1980.

Question of Competency "Below average" plants are in Ariansas, Perinsylvania, Alabama, New York, New Jersey, North Ca-rolina, Ohio, Florida, Michigan, chuseus, California and Vir-

ginia.
By finding fault with nearly onethird of the plants, the new commission report is likely to renew public questioning of at least a part of the nuclear industry's com-

Last week, the Edison Electric Institute, a utility trade association, endorsed a plan by Pennsylvania Gov. Dick Thornburg to

hasten the radioactive decontam nation at the Three Mile Island plant. The cleanup has been underfinanced and slow.

Gov. Thornburgh said his sixyear, \$760-million cleams plan could "mean the difference be-tween a continuing TMI crisis," and continued uncertainty about nuclear power in general, "and a new TMI consensus in the weeks

sensus. The report stressed, for example, that "a rating of below average" does not mean that a facility was unsafe or that its opera-tion or construction should be

The plant most heavily cited as "below average," Beaver Valley 1 of the Duquesne Light Co. at Ship-pingport, Pa., near Pittsburgh, was cited for "weakness" in nine of the

"Many items of noncompliance concerned personnel errors, indicating instances of insufficient training, and revealed instances of poor supervision of personnel."

By contrast, the evaluation of the "above average" plants charac-terized them as "well run, with particularly competent, involved and responsive management" and with "a strong commitment to radiation protection" and "good communications with the NRC."

William Loeb, U.S. Publisher Of Conservative Views, Dies

By Wolfgang Saxon

NEW YORK -- William Loeb, Leader and the New Hampshire

OBITUARIES

testing ground.

Mr. Loeb did not live in New Hampshire, He divided his time between his ranch in Rono, Nov., and, increasingly in recent years, a Tudor mansion on a 100-acre es-tate at Prides Crossing, a village in Beverly, Mass., about 20 miles (32 eters) northeast of Boston

His front-page editorials in the Manchester Union Leader, sometimes printed in boldface and capital letters, took a black-and-white stand on the issues. Grays, Mr. Loeb believed, could only befuddle the reader. "Things are either right or they are wrong," he once said.

972 New Hampshire primary - hien he referred to then Sen. Edaund S. Muskie of Maine, the cont-runner for the Democratic

d Mr. Muskie as making dispar-ging temarks about French Cana-ians in his home state, and a folw-up editorial deriding the mator's wife, Jane, are generally garded as the arrows that sewered Mr. Muskie's presiden-

The purported author of the letwas untraceable, but the letter as later attributed to the "dirty icks practiced by campaign orkers for former President Rich-

n hy Mr. Loeb, caused Mr. inskie to defend his wife in lowy Manchester. A picture of e senator, trate and in tears, was

Tout Ball

Mr. Loeb was a Nixon supportfor many years, but when Mr. as going to Peking the publisher lied him a "foul ball" who had levalued our chances of victory ainst the Communists by cud-ing up to the Chinese Reds and a killers in the Kremlin." But ting the Watergate scandal he mended that Mr. Nixon's resig-tion or impeachment would le the power of the ballot box to /at Mr. Loeb decried as a small que of "arrogant, self-appointed ers" in the news media. More to Mr. Loeb's liking were L Barry Goldwater of Arizona

d Ronald Reagan. For all his irascibility, Mr. Loeb stated a crusading paper that apaigned furiously against offil waste and corruption and hably printed more letters from ders than any newspaper in the

> Tew people seem to have known a well, but those who met him and him a genial man with a ong belief in good manners. He attack.

The language of the commission report appeared to go out of its way to avoid jarring any "new con-

High Expectations'

It explained: The expected per-formance level for nuclear facili-ties is high, as it should be. A ratmg of 'below average' means that the facility was not meeting the full measure of these high expecta-

15 functions surveyed in the as-

the report said.

Howard newspaper chain.

fter he and his wife had died. The

inheritance tax reductions enacted

under the Reagan administration.

however, could cancel the arrange-

William Loeb was born on Dec.

26, 1905, in Washington, where his

father, also named William, was

President Theodore Roosevelt's private secretary. When the Loebs' son was christened, Roosevelt was

the godfather. He served as a life-

long model for the publisher, who

considered himself a Teddy Roo-

Frank McHugh NEW YORK (NYT) - Frank

McHugh, 83, the stalwart support-ing actor best known for his sidek-

ick roles in scores of motion pic

ick roles in scores of motion pictures, died Friday.

Mr. McHugh, known for his round visage and spunky snicker, played Quince, the clown, in the 1935 film version of "A Midsummer Night's Dream." He also appeared in "The Fighting 69th" with James Cagney and Pat O'Brien, two stars with whom he was frequently cast, and "Going

COMP OWNERS

New York Times Service

75, the fervently conservative publisher of the Manchester Union Sunday News, died Sunday of can-cer at the Leahy Clinic in Burlington, Mass. Mr. Loeb was a small-town

newspaper publisher whose ancers at national political leaders and starkly limned views from the far right of the spectrum earned him. quadrennial notoriety because of the presidential primaries in New Hampshire, the candidates first

'Moscow Muskie'

Mr. Locb lumped liberal Demo-crats together as "left-wing-kooka," termed former President John F. Kennedy "the No. 1 liar in the United States," labeled Nelson A. Rocketeller a "wife-swapper" and called former President -Dwight D. Eisenhower a "stinking

"typocrite."

Mr. Loeb raised a furor in the residential nomination at that me, as "Moscow Muskie." Mr. Loeb's publication of a spu-ous "Cannek letter," which quot-

sevelt" conservative. Mr. Loeb graduated from Williams College as an honor student and attended Harvard Law School for two years. He worked on vari-cus newspapers and at other jobs before he realized his ambition to own a paper of his own with the 1941 acquisition of the St. Albans (Vt.) Daily Messenger. Mr. Loeb bought the Union Leader in 1946. al hopes.

rd M. Nixon.

A follow-up editorial, not writiblished nationwide, further maging his presidential chances.

was frequently cast, and "Going My Way," with Bing Crosby. meed in 1971 that he · Helen Humes SANTA MONICA, Calif. (AP) whose star rose and fell for decades before burning its brightest in the mid-1970s, died Wednesday of Miss Humes reached her first peak singing with the Count Basic orchestra between 1938 and 1942.

then reached another height in 1945 with her first hit single, "Be-baba-leba." She retired in 1967, then emerged as a brighter-than-ever jazz light at the 1973 Newport

Bernard Weinstock

DETROIT (AP) — Bernard Weinstock, 63, an aide to Nobel Prize Laureate Harold C. Urey on the scientific team that developed the atomic bomb during World War II, died Saturday of a heart

Entertainment-

A Music Hall District of Paris Comes Back to Life

By Meg Borun

DARIS — In the '20s it roared a block-long stretch of accordion palaces where nightlife was a gamble and they played for keeps. By the '30s, Parisian high society flocked there for the kick of mingling with the toughs. The war put a damper on things, but in the '50s and '60s the street attracted busloads of tourists, drawn by tales of the *spaches*— elevated to a mythic gangland stature worthy of Al Capone. In the '70s, it was pure kitsch. Now a new energy is revitalizing Rue de Lappe, with the first signs of regeneration juxtaposed with remnants of the past.

"We didn't choose this street by chance," admitted Jean-Luc Fraisse, co-owner of the Chap-pelle des Lombards jazz club. We chose Rue de Lappe be-cause we liked the ambience—it just seemed appropriate for jazz to return to the music hall."

Repelled from the Les Halles area in central Paris by an over-dose of commercialization, Fraisse and his partner, Pierre Garcia, moved east of the Bastille in January, setting up their place in the shell of one of 17 former dance establishments that sprang up along the block 50 years ago. But they were not just connect with the past. Over the last few years, the neighborhood around Rue de Lappe has been turning into the city's loft district, filling up with artists and intellectuals wn to the area by the cheap workshop space, the ethnic variety, and relative isolation from the el-and-glass modernization in the center of Paris.

Collective Art Gallery

The Atelier Bastille, a collective art gallery, opened on Rue de Lappe in March. Its initiators, Michel and Elisabeth Fanbles were driven from their former studio near the Pompidou Center when tourists started invading Beaubourg. "It was incompatible with what we were trying to do," Elisabeth Fauhlee explained. The charm of our new setting is



Crowded dance floor of Balajo.

down the street agree that "gen-trification" is unlikely to become a problem for the street. Unlike the Marais and Les Halles, where bundreds of long-time residents were forced out of their dilapidated housing as it was snapped up by real estate agencies for re-novation. Rue de Lappe is protected by a number of factors. The Socialists took the district in the last election, and now careful reconsideration is being given to the way the Paris slums are to be The policy of the mayor of

Paris — the right in general, but [Jacques] Chirac in particular — Although they lament the arhas been to replace a population rival of the newcomers, the own-ers of an anarchist bookstore craftsmen, people who tradition-

ally voted on the left, by a much more well-to-do population of businessmen, advertising agencies, people who supported the policies of the right," commemed Chislaine Toutain, a new National Assembly member. "For years we have fought this policy through which Paris is losing its soul to become a city of offices. agencies and high-cost bousing." She said the Socialists will sim to provide the old buildings with modern sanitary facilities, while

keeping rents low enough for their tenants to remain. Roe de Lappe still harbors mamerous functioning small factories inside the courtyards of its century-old buildings. This, added to the precedent for protest

the Margis and Les Halles, has also tended to brake the process of high-price renovation, Smoky old cafes bung with sansages and country ham still beckon to passers-by from the days when the Auvergnats moved up from the highlands of central France, bringing their music with them, including an instrument evolved from a primitive bagpipe to a relative of today's accordion, the sette. The street, with its bars and bals musettes, lured a rowdy crew whose reputation for being fast with a knife earned them the name apaches. Today, from midafternoon to the wee hours, the same music filters from the doors of the Balajo dance hall — per-haps the liveliest historic monument in Paris.

On Memory Lane

The people who come here now are mostly in search of memories," said the Balajo's owner, Robert Lageat, as the accordion band compelled couples across the floor beneath what was once an avant-garde decor, a mirrored globe above spangling artifical stars across the ceiling. There's one couple, for exam-ple, who met here, fell in love and were married here. Well, they're in their 70s now, and they still come dancing every Satur-

day night. He will allow no pictures to be taken during the afternoon dancing bours. And as tango follows waitz and paso doble and the once-racy "java," an aura of clandestine romance pervades red-walled interior. Young couples with a taste for nostalgia drift past delighted old-timers still performing the ancient rimal with abandon.

A few doors down the block. the Latin rhythm of the Chapelle's fate night salsa band locks a new generation of dancers into a similar swaying embrace reminiscent of the days when it was chie to dance cheek-to-cheek. "The advantage of Rue de Lappe is that music has been here for a hundred years, so there's no problem for a jazz club," said Frzisse. The people who live here have been living here for come stylish — it's the anti-Marais!"

Fashion

Widening the Fur Trade

By Hebe Dorsey International Herald Tribuni

TEW YORK — He got his first job at \$16 a week during the Depression, hanging fur coats in the basement of Bergdorf Goodman, where he ended up, smooth, silver-haired and an executive vice president. So one might think retirement would be welcome, but he rented workrooms in downtown Manhattan, got his furniture out of his Bergdorf office, nailed a 150-year-old bronze knocker on the door and opened Leonard Hankin Fur Associates.

"I thought I'd get myself a little something to do," he said. "In fact," I've never worked harder in my life."

One of the most knowledgeable fur experts in the United States, Han-kin last spring arranged with two designers, Fendi in Italy and Claude Montana in France, to duplicate part of their fur collections in New York. The result is a drop in price of 30 to 40 percent, with basic, breadand-butter mink coats costing around \$10,000. The Hankin-made Fendi furs will be available only in the Americas, whereas the Montana line will be distributed worldwide.

Although the Hankin-made Fendi furs will sell for considerably less than the Fendi imports at Bergdorf's, it is no problem for the store that

once employed him, Hankin insisted.
"We're still on very good terms," he said. In fact, the first Hankin-made Fendi furs will be on sale in New York exclusively at Bergdorf's, from Sept. 30. They will also go to other exclusive stores such as I. Magnin on the West Coast and Neiman-Marcus in Dallas.

Dawn Mello, Bergdorf's executive vice president and fashion director, agreed that there was no clash of interest. "We're still bringing the whole, Fendi line," she said, "Besides, there is no problem because Leonard is concentrating on the more classic, conventional styles. His garments will, also be easier to re-order, which has not always been the case with the

What Hankin carries should also give new customers a taste of Fendi furs without involving them in a fashion and financial adventure that only a few women are ready to indulge in.
"The Fendi customer exists," Hankin said. "The other one, we have to

educate." Hankin, 64, is still very much a Bergdorf man, whose mission in life was to satisfy the needs of people with money.
"With the Goodmans, the question never came up 'How much was it going to be,' but 'What is the best way to do it?" "Hankin said.

He also feels that more and more chie boutiques that have never been into furs are getting interested. "With the price of ready-to-wear, where a feather coat can cost \$3,000, it's a very small step to sell fur."

The Fendi furs at Bergdorf are often way out but they have found a niche in some of the world's richest women's closets. Despite the prices, which Mello said had almost doubted since last year, Fendi fur sales are up 30 percent compared with August, 1980. Which explains why the store is going all out with a hig charity Fendi show on 58th Street today. Both Paola and Carla Fendi are expected to fly over from Europe as is the collection's designer, Karl Lagerfeld.

You can also tell that although Hankin is no longer with Bergdorf's, he has remained part of the family. At Bergdorf's, Hankin learned all there is to know about furs — and then some. "After six months in the storage department, Edwin Goodman brought me upstairs and told me to go buy myself a suit — explaining what a suit was, jacket and pants—and even where to go for it. After that, he made me a salesman."

After the war, during which Hankin, who had studied Russian on his own, was stationed in Moscow, he returned. "Mr. Goodman had kept paying my salary throughout the entire war, with no obligation, he said. was a very, very elever man," be added wistfully.

Hankin soon proceeded to write a 27-page memo to Mr. Goodman, telling him all I thought was wrong with the store. I expected to be fired. Instead, be asked me to lunch, which was absolutely unheard of. Not one word was spoken during lunch, but after tunch, we had coffee and cigars — it was the first cigar I had in my life, — Mr. Goodman's said: 'Leonard, I thought your memo was very interesting. You and Andrew [his son] can do it all after I die.'"

Publishing

Japanese Strategy Bullish

By Jacqueline Wilson New York Times Service

TEW YORK - He slew his first foe at the age of 13, and went on to kill 60 more in one-toone combat. He was a painter, a writer, a calligrapher, philosopher and a spiritual leader. His name is Miyamoto Musashi, a legendary Japanese samurai warrior who is iddenly a hot issue on Wall

could be soft-spoken and warm, The vehicle is "The Book of Five Rings: A Classical Guide to Stratparticularly when the conversation turned to the many outdoor activiegy," written by Musashi in 1645, published by Overlook Press in 1974 and now catching on as a sort of lifestyle guide in the financial ties he shared with his third wife, the former Nackey Scripps Gal-lowhur, an heiress to the Scripps-Mr. Loeb propagated the concept of profit-sharing. He founded such a plan for his company and, in his will, stipulated that the paper be controlled by its employees community. More than 75,000 copies are in print and the book goes into its minth printing next

month The publishers are amazed. "We originally printed this book for the martial arts audience," said Mark Gompertz, an editor of Overlook Press, "Certainly, we didn't expect anything like this." ment by which the newspaper's employees would eventually be-So are some bookstores. "It's

selling better than some of the best sellers," said Beth Dugan, a buyer for a Walden Books in the Wall Street area. The shop is sold out.

At 96 pages for \$12.95, "The Book of Five Rings" costs 14 cents per not-very-wordy page. That compares with about 2 cents a page for the typical husiness strategy book. For the money, the reader gets a lengthy introduction, illustrations of and by the author, and the cryptic teachings of

Musashi, writing at the end of his life while living in a cave, expounds on kendo, a Japanese sword technique. His philosophy, influenced by Zen, Shintoism and Confucianism has one clear message - in order to defeat the enc-

my, there must be strategy and method. A sample of his wisdom: There are four Ways in which man passes through life; as gentle-men, farmers, artisans and mer-

chants. And each has a strategy." For the "gentleman warrior," the Way is the resolute acceptance of death. "If you keep your spirit correct from morning to night accustomed to the idea of death and resolved on death, and consider yourself as a dead body thus becoming one with the Way of the with no possibility of failure and

perform your office properly." On Single Combat

Musashi goes on to discuss oneon-one battle. How to stab your enemy in the face, how to cut and slash, how to frighten and how to intimidate. "In single combat, you must also put yourself in the enemy's position. If you think, 'Here is the master of the Way, who knows the principle of strategy,' then you will certainly lose."

In an era when Japanese expertise is all the rage, "The Art of Japanese Management," by Rich-ard Tanner, and "Theory Z: How American Business Can Meet the Japanese Challenge," by William G. Ouchi, both have been on the best-seller list for months. But now it's Musashi with a vengence. In August, Harper & Row and Kodansha International published a 1,008-page translation of a novel about the warrior called "Musashi," first published in Ja-

pan in 1925.
Of course, any meeting of East and West has its rough spots. "As a matter of fact," Gompertz said, "someone called me up and asked if Musashi was available for talk

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PARIS, SEPTEMBER, 1981

A Special Supplement: 21 Years After Independence

Business Ties Diversified, British Role Is Diminished

By Gillian Gun

ce needed

A TINDEPENDENCE, the Nigerian mar-A ket was British unf. But during the last décade the nation has used its oil riches to diversity business relations. The major industrial powers have vied for lucrative couracts and investments, and Britain has lost much of its appeal in the face of such competition.

The British Austins and Rovers that used to dog the streets of Lagos have been replaced by Pengeots. Datsuns and Volkswagens. French trading companies are vigorously expanding and West German contractors are building the nation's highways. Polish experts dredge ports while the Soviet Union helps with the steel industry. U.S. firms pump the oil and the Dutch run the national airline. On the grounds that Third World entrepreneurs will be particularly sensitive to Nigeria's problems. Brazilian companies have been called in to work on the telephone system, and Indians are running the railways.

According to a U.S. businessman, Nigeria

Area 357,000 square miles

Population 85 million (est.)

Languages English (official), Hausa, Ibo, Yoruba, others

Currency 1 Naira = \$1.60

wants two things from foreign business: "It wants investor commitment, with companies setting up local manufacturing operations rather than just selling finished goods. And it wants substantive transfer of technology. It wants to acquire nitty-gritty industrial know-how so as to reduce dependence on foreign firms." The Nigerians also seek access to cred-

it.

The British are still conspicuous in Nigeria, getting a relatively large share of small- and medium-size contracts, but the multimillion-dollar deals go elsewhere.

Hard Businesson

"The Nigerian is a hard businessman," said a spokesman for Britain's Taylor Woodrow, "and the success of the French, West German and Japanese has been because they know how to haggle. The Nigerians would prefer to do business with the U.K., but first and foremost they want a good deal."

The British are aware that their grip on Nigeria is slipping, but they are fighting back only half-heartedly. President Alhaji Shehn Shagari was enthusiastically welcomed during his four-day visit to London in March, but Britain declined a Nigerian invitation for its agriculture minister, Peter Walker, to investigate opportunities for British agribusiness firms.

The Nigerian government says that it would like the British to be more interested in investing rather than in simple trading.

There are signs that Britain's long-standing cultural ries with Nigeria, which reinforce business relations, are disintegrating. Britain's increased university fees for overseas students mean that fewer Nigerian youths will go there, despite Prime Minister Margaret Thatcher's recent agreement to freeze fees for about one-third of the Nigerian students. London's high prices are also making it lose out to New York and Paris as a shopping city for the Nigerian clite.

Nevertheless, Nigeria remains Britain's 10th-largest market and its largest outside Western Europe and the United States. Britain accounts for 40 percent of Nigeria's foreign investments and is the country's largest supplier of goods and services, with more than 20 percent of the market. Trade picked up by 29 percent in the first two months of 1981, and Britain has a positive trade balance of about 51 billion.

Truck Plan

The British industrial showpiece is a \$93-million Leyland Nigeria truck assembly plant at Ibadan. British companies are also involved in numerous other projects, including a \$178-million water purification system and a \$17.8-million telephone communications management contract. British trading houses still dominate the consumer and a sector.

dominate the consumer goods sector.

The United States has sought to pick up where Britain has left off, but many Americans seem uncomfortable with Nigerian conditions. "U.S. business interest in Nigeria has increased sharply in the last few years," a U.S. Department of Commerce source said. "But most American businessmen don't know a thing about the country. They can find it on a map but that's about it."

Americans are also worried by the country's reputation for corruption and have trouble dealing with Nigerians, who complain that U.S. businessmen are arrogant and conde-

scending.

Washington is encouraging U.S. exports to Nigeria, for a very good reason. In 1980, the United States had a \$9.78-billion trade deficit.

with Nigeria, its sargest after Japan. "It will be just as bad in 1981," the Commerce Department source said, "unless we do something spectacular like selling ten 747 aircraft." The United States buys about 50 percent of Nigeria's oil, yet supplies only about 10 percent of its goods and services.

Lagos apparently is equally anxious for U.S. business. The Nigerians believe we can supply state of the art technology, and they want that very badly," a U.S. diplomat in Lagos said.

Amicultura

The United States is making strides in the agribusiness field. "Nigerians have looked around the world and seen who has the most efficient food growing methods," a Lagosbased agriculture expert said. "The U.S. comes out on top." The Joint Agricultural Consultative Committee — a group of more than 50 Nigerian and U.S. agribusiness firms that was founded in 1980 during the visit to Lagos of Walter Mondale, then the U.S. vice-president—actively encourages joint ventures. In addition, U.S. food exports to Nigeria stood at \$324 million last year and are rising.

watter Mondale, then the U.S. vice-president—actively encourages joint ventures. In addition, U.S. food exports to Nigeria stood at \$324 million last year and are rising.

In the medium term, some cultural incompatibilities between the two countries may diminish. "Nigerians are finding that for the cost of educating 10 students in the U.K. they can educate 20 in the U.S.," President Shagari said recently. There are 20,000 Nigerian students in the United States, only 5,000 fewer than in Britain.

Contacts have also been strengthened by Nigeria's adoption of a U.S.-style federal constitution.

strution.

The gap left by fading British influence and the slow growth of U.S. business is being swiftly filled by Continental Europeans. France, West Germany, the Netherlands and Italy can combine familiarity with African conditions with vigorous marketing techniques. The Japanese also are interested in the market.

French business relations with Nigeria are growing particularly fast. "The Nigerians harbor a distrust of the French inherited from the British and exacerbated by French support for the Biafran rebels in the 1967-1970 civil war," a Western diplomat in Lagos said, "but when it comes to making deals, the two nationalities can be surprisingly compatible."

"French exports to Nigeria, which consist primarily of consumer and capital goods, increased 80 percent in 1980 to slightly more than \$1 billion. Nigeria has an almost \$1.3-billion trade surplus with France because of

Prominent Companies

The most prominent French companies are SCOA, a trading house, and Pengeot. Both companies successes are partly attributable to their positive response to Nigerian pressure to manufacture locally.

French contractors are also doing well,



RETURNING TO THE SOIL — President Shagari, emphasizing the importance of agriculture, takes up a shovel for some leisure-time gardening at the State House in Lagos. Agriculture gets a top priority: See story inside.

helped by Paris' willingness to back bids with credit. In May, French banks agreed to loan Nigeria \$533 million toward the \$3.4-billion Ajaokuta steel complex. These loans are clearby connected with Nigeria's decision to employ two French construction companies, Fougerolle Construction and Durnez, in the plant

West Germans are also strong, Julius Berger was virtually unknown in Nigeria 10 years ago, but today, with a turnover of almost \$1.8 million a day, it is the leading foreign construction firm. Strabag is also prominent. The West German banks and government institutions provide generous credit, and firms such as Mercedes-Benz are leaders in the development of the motor industry.

The Netherlands made a place for itself when KLM took over the running of Nigeria Airways in 1979. In March, the Dutch contractor Royal Harbourworks won 80 percent of a \$263-million contract to build three ship repair yards.

Although Italy's trade with Nigeria is small, the Italian construction firms have carved out a niche for themselves. Montedison is involved in chemical plant construction while Danielli and Burrio are supplying technical expertise for the steel industry. Impresit is exploring possibilities for agriculture-related construction.

Japanese Competition

The West faces stiff competition from Japan, despite Japanese unfamiliarity with Africa and language problems. Nigerian subsidiaries of Japanese car and motorcycle manufac-

(Continued on Page 8S)

Slumping Oil Market Poses Challenge to the Economy

By Richard Synge

EVERYTHING depends on oil," said a
Nigerian merchant banker surveying
the state of the economy. "And the key is that
we should decide the right price for our oil."
With oil providing more than 80 percent of
the federal government's revenue, production
cannot be turned off for loog without a chain
of problems. Nigeria's current production
slump, a result of the worldwide recession and
oil surplus, has led to a large balance of pray-

the federal government's revenue, production cannot be turned off for loog without a chain of problems. Nigeria's currect production slump, a result of the worldwide recession and oil surplus, has led to a large balance-of-payments deficit this year, and there are signs of a spending squeeze. National projects have had to be delayed, there has been uncertainty about the ambitious 1981-1985 development plan and, at the more basic level, state governments are running short of each

ments are running sbort of cash.

Attention has been sharply focused by recent events on the oeed for a strong and coherent oil policy. The board of the Nigerian National Petroleum Corp. oormally handles this, but between 1980 and this August the NNPC had oo board and only an acting managing director.

aging director.

A scandal last year involving temporarily missing funds led to the dissolution of the board. "The scandal shock confidence and caused an incredible delay. The office of the president's energy adviser has been burdened with the responsibility," said a highly placed source in Lagos.

New Board

The new NNPC board was finally sworn in by President Alhaji Shehu Shagari on Aug. 6, with Horatio Agedah as chairman and Lawrence Amu as managing director. Their mission is to review the functioning of the NNPC and to ensure a meticulous accounting system to avoid a repetition of the scandal, which arose from an auditor's difficulty in following earlier accounting procedures.

Yahaya Dikko has been the presidential adviser on energy for the last two years and it appears that he will continue to represent the country at OPEC oegotiations, at which be has become recognized as a forceful figure, according to Western diplomats.

Feeling the Pinch

By joining the OPEC hard-liners, Nigeria was affected by the Saudi Arabian policy of holding prices down and stepping op productioo. Nigeria was further affected by oon-OPEC competition from Britain and Mexico.

Nigeria at first accused Western oil companies, governments and the media of fabricating a "so-called oil glut," but as the effects began to be felt, commentators switched the emphasis of their criticism toward Saudi Arabia — which has even been called "an enemy in OPEC's ranks" in a government-controlled newspaper.

As a highly populated country highly dependent on oil, Nigeria has been feeling the pinch of reduced carnings sooner than its African colleagues in OPEC. It has had to face up With oil providing more than 80 percent of the federal government's revenue, production cannot be turned off for long without a chain of problems... Officials are acutely aware that investment in gas, which is now being burned off as waste from oil production, must start now...

to the possibility of a much restricted oil production horizon. While its development plan outline, published as recently as January, 1981, envisaged steady production of 2 million barrels a day until 1985, production had already slumped by July to 825,000 barrels a day as buyers went elsewhere.

After the failure of the emergency OPEC meeting in August in Geneva to bring prices within a narrower spread than the existing \$32-\$40 range, Nigeria oo Aug. 26 announced a discount of \$4 on its official price of \$40 a barrel. The government said that the official price would remain at \$40, bowever, until the OPEC meeting next December in Abu Dhabi, when Nigeria bopes that price unification will be possible.

In a bid to retain customers who have curtailed or suspended their purchases of Nigerian oil, the government has started talks with the major oil companies on pricing and production strategy for the fourth quarter of the

year, Nigeria is still hopeful that the market will revive, but is concerned to remain a "responsible" member of OPEC, observers noted. This would explain wby it ebose a discount rather than a formal price cut.

Oil companies represented in Lagos believe that the output levels anticipated in Nigeria's development plan are oo longer realistic. Some feel that the market for Nigerian crude has dropped significantly, although the product is still valued for its remarkable sulfur-free light properties.

New Investmen

Six months ago, the foreign companies were drawing up plans with their common partner, the NNPC, for major new investment in the oil fields that would have brought production capacity close to 2.8 million barrels a day, with Shell/NNPC alone due to account for half that amount. Gulf/NNPC's capacity as the second-largest producer was to rise to 500,000 barrels a day by 1984.

By July, however, Shell/NNPC bad cut back drastically to little more than Gulf/NNPC's actual level of 235,000 barrels. It was in these changed conditions that the companies talked of the total production outlook for the next decade being on higher than 1.5 million barrels a day, although Nigerian officials cannot accept such a low figure.

The oil field investment plans had, until the glut, been quite substantial, with Shell/NNPC

The oil field investment plans had, until the glut, been quite substantial, with Shell/NNPC expecting to spend \$300 million in 1981 and Gulf/NNPC a further \$250 million by the end of the year. This spending is now highly unlikely

The NNPC, as the major source of investment in Nigeria's energy output, is oow expected to put its weight behind the export project that is expected to pay Nigeria's way into the 21st century, liquefied natural gas

Flared Gas

A growing embarrassmeot to Nigeria as well as to the companies has been the phenomenal amount of gas that is flared at the oil fields. In the Escravos complex, in Bendel State, is is estimated that the burned-off gas in that area alone could supply in one hour what Britain consumes each day.

All the gas at present being flared has come up with the oil, and it has oot been necessary to explore for gas. Experts predict that Nigeria is sitting on about 200 trillion cubic feet of

ogas.
Officials are acutely aware that investment in gas must start oow, while oil funds are still available. "Gas exports are the key to the late 1980s and the 1990s," an official said.

Nigeria has lost a year in the preparations for its first major gas export project, known as Bonny LNG, because of uncertainty about the advantages and a wariness about borrowing heavily for a project that will cost about \$12 billion to \$14 billion before it can start up atthortative sources now expect that construction of the Bonny LNG plant can start in 1983. This would lead to first exports in 1987 and full output by 1983.

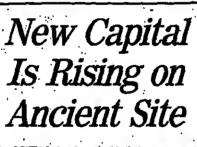
The technical planning for Bonny LNG has

been completed, and a steady market is assured among eight European customers, principally France and West Germany. If the four interested U.S. customers are prevented by government legislation from taking their 50-percent share, the Europeans have pledged to buy the extra.

Complex Project

The project's complexity is fully apparent to the U.S. management team supplied by Philllps Petroleum Management Services. Much of the \$5-billion condensing plant will have to be assembled abroad and brought in oo skids. On the site, which is remote and not served by road or rail, the labor force during construc-

(Continued on Page 12S)



A NEW toderal capital is being created in central Nigeria on a strikingly beamiful wooded plain that is bounded on the north by ranges of granue hills.

north by ranges of granite hills.

The new city of Abuja will rise in an area (designated the Federal Capital Territory) that has been inhabited for centuries by the Gwari, hunters and farmers living in village communities separated by forest and savanna.

In the last two years, the plain around the

market village has been overrun by markinery and workers, who have already carved
the basis for expressways, bridges and thousands of buildings. Foreign workers have installed themselves in camps close to the site.
Access to what was previously a remote
area has been made possible by a northsouth highway from Kaduna to Lokoja. Access roads around the territory are being
built and the airport is oearly ready.

The administration hopes that some of the federal government will be able to move to Abuja by 1983. President Alhaji Shehn Shagari is hoping to be able to claim credit for what he describes as "a new cultural base which is truly Nigerian in character, reflecting the federal nature of our society."

Race Against Time

The Federal Capital Development Authority is in charge of the costly operation of constructing the city. Based at the old town of Abuja, now renamed Suleja, the FCDA's offices are a hive of activity as officials, consultants and contractors race against time.

On the site, the infrastructure is out yet sufficiently coordinated for the "pioneer citizens." It is hard to believe that some federal ministries expect to operate fully from Abuja by the beginning of the next presidential term in 1983, given the enormous task of installing staff, families, furniture and equip-

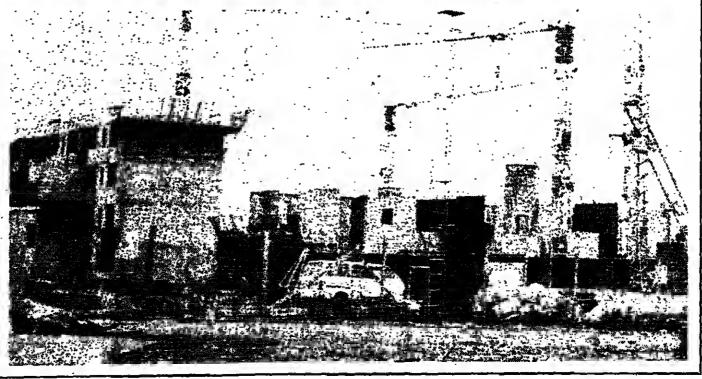
It is reasonable to assume that the problems of coordinating work at Abuja will be less intense once the first hurdles of infrastructure have been overcome. Roads, power, water and telecommunications all have to be in some state of readiness before the presidential departments can move in beginning next year, accompanied, it is said, by the Planning Ministry.

The ambitious Japanese design for the central area will involve major expenditures. Work costing 1 billion naira on four of the major buildings is to be let out to foreign

(Continued on Page 14S)



TAKING SHAPE - Construction of the new capital is under way in an area of striking natural beauty.





Diversity Evolves in **Dealings**

turers are rapidly expanding, and in 1980 Nigeria was black Africa's largest importer of Japanese vehi-cles. Honda motorcycles are being assembled in Ogun state, Yamaha

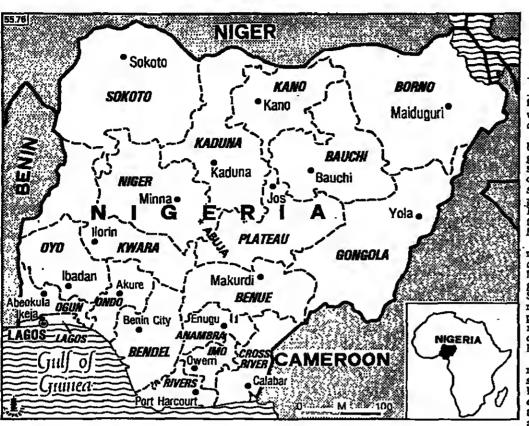
is expected to start production later this year and Nissan's sales in-creased fourfold in 1980. While the Nigerians prefer to deal with fellow capitalists, the Soviet Union gained an entry in the market during the civil war when it

supplied the federal forces with

arms that the West withheld. The Soviet Union has been heavily involved in the Ajaokuta steel complex and several chemical plants, while Poland is active in maritime work, particularly fishing trawlers and shipyards. Czechoslovakia supplies a variety of engineering inputs and Hungary sells agricultural and bealth-related SEDRIPOJO

In general, the Comecon countries undercut Western prices in the hope of developing long-term trade relationships. But Comecon trade has not taken off because Nigeria believes that the East is supplying outdated, secondhand technology acquired from the West. And the Eastern bloc has difficulty in establishing Nigerian business contacts because centrally planned economies prefer to deal with government organizations and this is not always possible in Nigeria.

The one Comecon country with which trade is growing significantly is Cuba. In March, the two countries signed an agreement to strengthen cultural, economic and scientific ties. Since then, Cuba has



become a technical partner in the \$588-million Sunti sugar project. Nigeria senses that Cuba's experiences, as a developing country it-self, may be particularly useful.

Enthusiasm for technology al-ready adapted to Third World conditions also underlies growing business contacts with Brazil and

Phone System

In 1975, four Brazilian firms were invited to repair and expand Nigeria's telephone system; they had just overhauled Brazil's equal-

to Nigeria jumped 164 percent in lian kits have sturdier suspensions 1980. Brazilians are particularly and higher ground clearance." active in water engineering and construction. "All our technical people have worked in similar soil and climate conditions at home," said a spokesman for a major Brazilian concern, Hidroservices.

Because of the similarities between Brazilian and Nigerian con-ditions, West Germany's Volkswagen decided to supply its Nigerian assembly plant with parts from VW's Brazilian subsidiary. "The West German parts couldn't cope ly chaotic network. More furms with Nigerian conditions," a com-have arrived, and Brazil's exports pany spokesman said. "The Brazi-1979.

The most recent example of cooperation is Nigeria's request that Brazilian firms advise the government on how to move its bureaucracy from Lagos to the new federal capital at Abuja. "We went through the same thing 20 years ago when we moved our capital to Brasilia," a Brazilian businessman

India has been equally visible; for example, Rail India Technical and Economic Services has been

The Oil Question Seen Nurturing Uncertainty

By Richard Synge

IKE most nations. Nigeria is going through domestic and foreign difficulties linked to the world recession and a rapidly changing international situation.

The most populated country in black Africa has recently undergone a period of uncertainty re-sulting from its overdependence on oil exports, its need to retain a strong African-oriented foreign policy in the face of U.S. President Reagan's conciliatory gestures toward South Africa and its search

for a durable political system.

While such uncertainties are not new, there has been an unusual concentration of pressures for the last few months on the 2-year-old government of President Alhaji Sheho Shagari, just as it was begin-ning to look toward its re-election prospects in 1983. The govern-ment's reactions to its problems increasingly have to be seen in the

A decline in government revenues resulting from a shump in oil sales since April is expected to have repercussions for government expenditures well into 1982, when the elections will be even more of an issue than they are oow

There has already been a dispute between the federal government and those state governments not controlled by the ruling National Party of Nigeria about the quanti-ty of federal revenue to be made allable to the states. This dispote will inevitably intensify with the financial stringency forecast in the coming months. The 19 state governments are almost exclusively dependent on federal money for

their recurrent and development expenditure programs, and thereby for their own electoral chances. The breaking last July of the NPN's governing accord with Nnamdi Azikiwe's Nigerian Peo-

COMMENTARY

ple's Party has increased the pres-

ple's Party has increased the pres-sure on the ruling party to deliver what it has promised.

The worldwide oil surplus hit Nigeria more severely than the other members of the Organization of Petroleum Exporting Countries. In the years since OPBC acquired clout in model affects the wealth clont in world affairs, the wealth from oil exports has not been able to transform Nigeria into a rich country in per capita terms. The present fluctuations in export receipts do not give rise to hopes of great wealth in the near future. Some oil company managers in Lagos think that Nigeria has reached its plateau in oil produc-

The economic recovery noted in 1980 was too brief to

restore any equilibrium...

tion and that exports will decline as domestic consumption rises. The uncertain pattern of growth during the next decade is uncom-fortable for a country whose government and business managers have ambitious growth targets. For the second time in three years, the fragility of Nigeria's trading position has been demonstrated by

faltering oil earnings. The economic recovery noted in 1980 was too brief to allow Nigeria development. It did, however, lead to the nation's most comprehensive development plan yet — for the years 1981-1985 — which for the first time accords priority to agriculture and rural investment. Since the current administration will be judged partly on the plan, it focuses on projects that the NPN has adopted as its own — primarily the new federal capital at Abuja and the steel complex at Ajaokuta.

By stressing agriculture rather than some of the glaring problems of urban unemployment and deprivation, the plan aims to halt the drift to the cities at the source. There will be no need for anyone to leave their village and struggle to get to urban areas once they bave the necessary amenities in their own areas," said National Planning Minister Adenike Ebun Oyagbola

The government wants to intro-duce rice farming with the use of modern technology — it favors U.S. firms for that technology. It also hopes to attract big foreign

investors into agriculture. There is a race to inject "development" in Nigeria by means of conspicuous spending. This process is mirrored by the rapid growth of the political parties and power centers during the last two

As the financial difficulties at the early stage of the plan have re-stricted the Shagari administra-tion's distribution of largesse, the four other political parties have been feeling increasingly shut out of the process of government and development. The londest of the critics, Chief Obafemi Awolowo's Unity Party of Nigeria, has been joined by the NPP, whose accord with the NPN was broken in July.

The minority parties are too small individually to pose a threat to the smooth functioning of the federal government, but disruption at the state level is possible — as illustrated by the stalemate in Kaduna between the NPN House of Assembly and the People's Redemption Party governor, which has prevented the formation of a state administration for two years.

The NPN's apparent willingness to search for consensus solutions came to an end with the culmination of the Kaduna affair in June, when Gov. Alhaji Balarabe Musa was impeached by the Honse of Assembly. The NPN was accused by the other parties of persecuting be considerable.

months notice of wanting to end or renegotiate its accord. The NPN immediately scrapped the agree-

After the break, the NPP lost control of several federal ministries but the political atmosphere was not immediately disturbed, as Chief Awolowo had predicted it

Limited Influence

The NPN has the resources to pread its activities nationally in a ay that no other party can match, and the opposition parties' only chance of success at the polls in 1983 is through mergers or a coalition. The strongest of them, the UPN, is limited in influence to the four Yoruba states around Lagos and Ibadan and has a tenuous hold on Bendel state.

The NPP has only three states, the Ibo heartland of Anambra-Imo and Plateau state in the north, and the remaining two parties are lo-calized in northern states and are both beset by leadership disputes. The PRP and the Greater Nigeria People's Party would, however, represent vital elements in any fu-

ture attempts at coalition.

Kano state's PRP governor.

Alhaji Mohammed Abubaka Rimi. has been the most prominent voice in calling for an opposition alli-ance, but it is a widely held view that the NPP at least would not.

respond to such overtures.

Nigerians are clearly not sufficiently accustomed to the fouryear presidential system to be thinking en masse of the next elections, but the political leaderships at least are quietly planning their

The NPN is confident of a more decisive vote in 1983 than in 1979 because of its pre-eminence as a "nationally based" party and be-cause the divisions within the PRP and GNPP and the geographical handicaps besetting the UPN and NPP make a coalition still seem re-

Problems will arise if the new constitution proves inadequate in guaranteeing political freedoms or becomes inflexible to changing po-litical realities. Financial difficulties have to be handled with more delicacy under civilian than under military rule.

Government spokesmen have recently described the economic situation as bnoyant. Steering the country through the next few months will, however, be a considcrable challenge. If it can still claim buoyancy a year from now, its chances of victory in 1983 will

Nation's New Constitution Reduces Arbitrary Powers of the State Governments

By Jimoh Gbadamosi

TN THE PAST, one of the reasons for instability in Nigeria was the arbitrary use of powers by some governments within the federation. Such abuses have been reduced by the new constitution, which has vested powers in the president, the legislature, the judiciary and the people.

Under the system, introduced with the 1979 elections, the president is the head of the ruling administration. The political re-sources available to him are varied; some are constitutional powers, while others result from the development of presidential re-sponsibilities.

Broadly, be has considerable power to make appointments. By the selection of key administrative personnel, he can exert significant influence over government policy in every area. Many appointments are subject to the advice and approval of the Senate, however, and President Alhaji Shehu Shagari has always ensured that his political and nonpolitical appointments re-flect the federal character of the

Under the new constitution, the ecutive powers shall not be expresident are subject to the provisions of any law made by the Na-tional Assembly.

Similarly, the executive powers country — meaning that they are equitably distributed.

of a state are vested in its gover-oor. Subject to laws passed by the state's House of Assembly, they
may be exercised by the governor
directly or through the deputy governor and communissioners of the state government or officers in the public service of the state. The constitution also says that state ex-

The National Assembly also

generally has far greater powers than the state assemblies, as its laws generally supersede state leg-Judicial powers are vested in

courts established for the federa-tion and for the states. The Federal Supreme Court is the highest

The governor of a state can be impeached by the state House of Assembly if he is found guilty of problems since its inception. Many

gross misconduct. The recent impeachment of Alhaji Balarabe Musa, then the governor of Kadu-na state, showed how powerful a state legislature can be in relation to the state executive. Gross misconduct is defined in the constitution as a grave violation or breach of the provisions of the constitution or as whatever the legislative deems it to be.

were political issues that were turned into judicial ones, especial-ly by politicians, state governors and some individuals seeking justification, clarification or redress from the courts.

The first major amendment was that of September, 1979, when the electoral college system was abol-ished and replaced by a popular election in the event of an inconclusive presidential or gubernatorial election. It was felt that the retention of an electoral college was bound to create political upheaval and lead to corruption.

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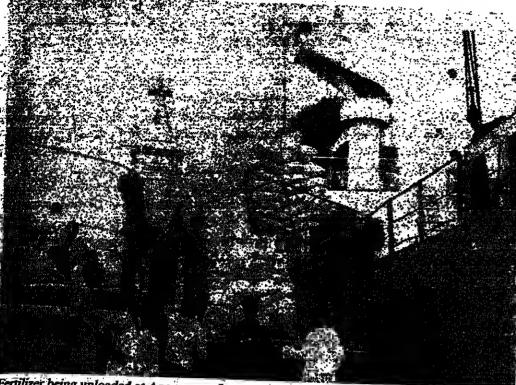




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LAGOS, IBADAN, KADUNA, MAIOUGURI, SOKOTO, PORT-HARCOURT, ABA, KANO





Fertilizer being unloaded at Apapa port, Lagos.



Harvesters and plows were among the farm equipment on display at Kaduna agricultural fair.

Gains in Agriculture Are Given Top Priority as Oil Euphoria Fades

ONCE self-sufficient in food, with a modest surplus of cocos, palm oil, peanuts and rubber for export, Nigeria now imports more than 1 billion nairs worth of food annually, a tenfold increase in 10 years. At more than 2.5 millions tons per year, food imports account for about one-fifth of the

import hill.
In the short term, the situation
term only deteriorate. Agricultural production growth is only I per-cent a year while population rises 3.5 percent to 4 percent.

The main cause of the agricultimal collapse is the emphoria brought by oil. Farms have been abandoned as young men and women go to the cities in search of jobs in offices that have sprung up jobs in others that have spring up on the strength of the oil boom. The average age of an agricultural worker is now 40 and rising. The rural population has declined from 71 percent of the total population in 1960 to 56 percent in 1980.

As oil brought in money, the an-Low public spending on rural fa-cilities and poorly-planned agricultural programs accelerated the decline in food and cash crop pro-duction. What Nigeria did not grow, the authorities assumed, it

ful of the long-term implications.
Oil reserves will probably last 20 years at best and, in the meantime, food imports threaten the balance of payments. Under President Alhaji Shehu Shagari, the government has moved to reverse the trend of falling production.

The 1981-1985 development plan gives agriculture priority.

plan gives agriculture priority. Even if oil revenue shortfalls force planners to trim the plan, agricul-ture should keep its claim on govermment resources. It is to receive 13 percent of total plan expenditure — currently set at 82 billion naira — against the 6.5 percent it was allocated in the previous plan. The government hopes to push agricultural production growth to 4
percent during the plan period and
to become self-sufficient in food

Unlike past programs, the new.
"Green Revolution" strategy acknowledges the crucial role played by small landholders, whose two-to three-hectare farms produce 97 As oil brought in money, the anthorities neglected agriculture. Low public spending on rural facilities and poorly-planned agriculture. A key factor is the Agricultural output. A key factor is the Agricultural programs accelerated the decline in food and cash crop production. What Nigeria did not grow, the anthorities assumed, it could buy with oil revenues.

The ADP-ADA program will cost 2.3 billion nairs from 1981 to 1985. The federal government will meet about one-fifth of the bill,

worked in Nigeria," said a World Bank spokesman in Lagos.

Bank spokesman in Lagos.

ADPs are essentially networks of support services organized from central Farm Service Centers, which provide farm inputs (fertilizers, chemicals, seeds and machinery), training in improved methods, credit, marketing facilities and other extension services. An ADP project can also include the ADP project can also include the construction of rural roads and irrigation facilities, and price subsidies on materials. The government would like to

extend the ADPs to the entire country but the cost is prohibitive. Instead, the pilot ADPs will be expanded in the seven states that participated in the original experiment: Kaduna, Sokoto, Bauchi, Beane, Platean, Kwara and Niger. Other states will receive scaled-down ADPs called Accelerated Development Area programs (ADA). These will include many core elements of the ADPs, such as basic extension services, help with country but the cost is prohibitive.

with the balance provided by the individual states and World Bank

Farmers not immediately covered by the ADP-ADA program are not ignored. All farmers are to receive subsidized fertilizer. If current subsidy policies continue, the government's fertilizer bill by 1990 will equal nearly one-quarter of the public expenditure for agriculture.

Road Network

The development plan includes provisions for improving the gen-eral rural road network. Less than 10 percent of the rural feeder roads previously built by the government have all-weather surfaces, and many roads wash out in the rainy season. Nigeria has less than 4 per-cent of the advised minimum mileage of all-weather roads at present, but the government hopes to in-crease the figure to about 50 per-cent by 1985 at a cost of 700 million naira. Efforts will be concentrated on the most productive agricultural areas.

The other main rural infrastructure weakness, poor water supply, is also dealt with outside the ADP-ADA programs. Facilities to irri-gate 1.4 million hectares are planned, while 1,500 bore holes are to be drilled.

The 900-million-pairs irrigation

program will be supervised by Ni-geria's 11 River Basin Authorities — federally funded organizations with responsibility for developing resources in the major river valleys. They also provide some extension, input supply and market-mg services to farmers within their

boundaries. Efforts are being made to im-prove producer prices. Low returns in the past have caused farmers to nuggle produce into surrounding Francophone countries, where they are paid in CFA (for African Francophone Community) francs, a hard currency. Immediately after taking office, President Shagari raised prices for the cash crops prices for the cash crops bought by the government's com-modity boards (administered by the central bank), but a comprehensive price policy has yet to

Credit Reserve

Finally, apart from the special credit facilities in the ADP-ADA program, the government is improving credit nationwide. Commercial banks have been instructed to reserve 8 percent of their loan money for agriculture, up from the 6-percent requirement. In addition, banks are being forced to open branches in rural areas, and open branches in rural areas, and the government's Agricultural and

Cooperative Bank is to have its lending fund substantially in-creased.

therefore go to large producers. The Agricultural Credit Guarantee Scheme, intended to protect banks against unsecured loan defaults, covers only 75 percent. Banks want 100-percent coverage.

past, the role of private en-trepreneurs will be emphasized, and increased incentives are being devised to attract investors.

investors found that negotiations with small holders took an inordi-

A credit problem remains, nevertheless, because small producers have no collateral, and most loans

In an attempt to entice foreign companies to bring in agribusiness technology and capital, the government recently announced that it will contribute foreign equity limit on agribusiness investments from 40 percent can run from 500 to 1,000 naira

In answer to potential investors' complaints that it is virtually im-possible to obtain clear title to large tracts of land, the govern-ment has stepped in with a land consolidation scheme. Previously,

Yams, among staple crops, are offered at the market in Agbor.

while the plan focuses on the small holder, the government is also anxious to encourage large-scale production. Unlike in the nate amount of time, and often relproblem is particularly acute in the south. Under the new proposal, the government will negotiate leases in many cases, contributing the land as its share of a joint venture with the interested investor.

per hectare.

The investment incentives are slowly paying off. In June, Beatrice Foods of the United States amounced plans to invest \$150 million in an 80,000-acre tomato growing and processing operation in Plateau state, and many other companies are exploring investment possibilities.

Nigeria is clearly addressing its

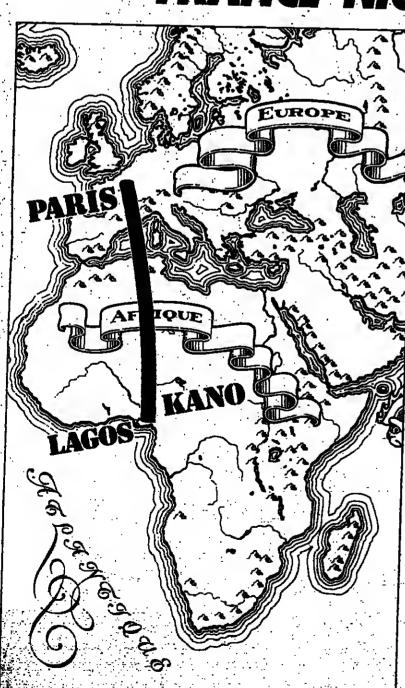
agriculture problem with renewed vigor, and some improvements can be expected during the next five years. But an important issue re-

If the present domestic produc-tion policy continues, it will increase food prices for consumers

high production costs make local supplies much more expensive than the imported equivalents. If local production takes off, as the government hopes, and if local produce is protected by import tariffs, as is likely, the consumer will lose out. The government may then face pohitical pressure to readmit the cheap imports, which will undercut the local producer, forcing him to sell at an undergent. ing him to sell at an uneconomical price. In such circumstances, incentives for both the large and small producer will decrease, and production could well stagnate

- GILLIAN GUNN

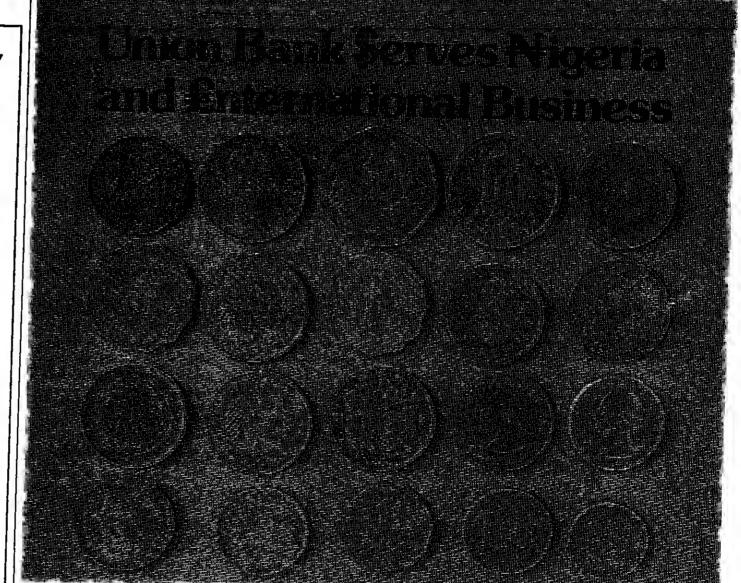
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We set the pace...



Railroads and Highways Are Expanding

RAILWAY construction was begun in Nigeria in 1898 when there were no good roads except those within townships - to develop agriculture and mining for export and to facilitate govern-

When the main line was completed in 1927, it formed the backbone of the railway system for more than 30 years. Except for the building of feeder branch lines in the 1930s, no major construction took place until 1959, when the 398-mile Kuru-Maiduguri extension in the corth was begun with the help of a World Bank loan and local financial resources. When this project was completed in 1965, the rich northeastern area was at last linked with the rest of the country.

The railway system, which now totals 2,180 miles, is run by the Nigerian Railway Corp., a statutory body that took over the assets and

way Department in October, 1955. The railway is predominantly a long-distance carrier of freight. passengers and imports. The main line can handle 24 trains a day in each direction on the Kano-Kaduna-Minna Section, 20 on the Min-na-Lagos and 18 on the Kaduna-

Major Employer

The railway is reportedly the largest employer in Nigeria, with a labor force of more than 28,000.

The federal government has approved the conversion of the rail-way system from its 1,067-millimeter gauge to the standard gauge of 1,435 millimeters. The first phase of this construction is expected to start from Port Harcourt to Makurdi and Oturkpo to Ajaokuta, a total distance of about 430 miles.

The earnings of the Railway Corp. are expected to be about 80

Modern buildings and open spaces are features of Victoria Island, one of the newer parts of Lagos.

able improvement for which Rail-way India Technical Services the team invited by the former military government to take over the nanagement of the railway in 1979 - can take credit. In 1978, before the Indian team came, the corpora-tion reportedly earned only 30 mil-

The railway believes that passenger traffic will reach a target figure of 12 million this year and a record of 18 million by 1983.

About 3,000 Nigerians have had on-the-job training in various tech-nical divisions of the corporation, while 500 have been sent overseas for training and will have returned to Nigeria by oext year.

Road System

The first trunk road in the hinterland was constructed in 1905. Rough roads were no doubt in existence in Lagos and other

ning of the 20th century. The main purpose of early road construction was to facilitate the movement of agricultural products to the ports for exporting and the transporta-tion of manufactured materials from the ports to the townships.

The road system has expanded

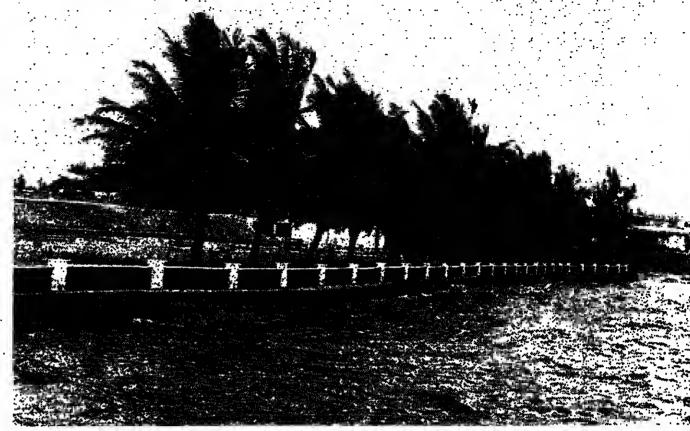
tremendously. In 1977, it measured about 70,000 miles, and the government has been undertaking a major construction program. The highways account for about 70 percent of the movements of goods and persons and are the dominant mode of transportation.

Over the years, successive governments have attached importance to road development.

In the 1975-1980 development

plan, for example, an estimated to-tal of 7.3 billion naira was allocated to capital expenditure in the transport sector, about 5.34 million naira of that for roads.

— JIMOH GBADAMOSI



Victoria Island - one of the havens from the rigors of modern-day life in Nigeria.

Humor, Patience Overcome Hustle, Bustle

THE HUSTLE and bustle of life in Nigeria — which sometimes appears to be sheer confusion — often arouses frustration, but it can be taken philosophically. As in any part of the world, humor, patience and determination make for the best chance of suc-cess — only in Nigeria you often need more of all three.

Unless the visitor is in the haven of Victoria Island, Lagos is as much of a city bursting at the seams as it ever was. Many of the new expressways are liable to be congested for several hours a day, and the side roads and slums are no less disorderly and hazardous than they were shortly after the civil war, when conditions first declined seriously.

The most visible public activity

is petty trading at market stalls and by "go-slow" boys, who make up a mobile hardware and soft furnishings store ready to greet the car rider at every expressway tur-

Driving is hazardous, with bald tires common, and some of the highway overpasses are showing signs of disintegration through a lack of maintenance. The problems of housing and sanitation remain severe for the Lagos state government, which is running out of cash to complete its slum clearance and improvement programs.

High Rents

Whole areas of Lagos are without telephones, multiplying the time spent in traveling to find peo-ple. The most efficient quarter is the area of Victoria and Ikoyi islands, although few business organizations can afford the high rents there.

The variety of activity in Lagos means that everything is available somewhere although it may not be easy to find. There has been a surge of reasonable accommodation in Ikeja, which is fast developing as an accessible adjunct, or even as an alternative, to Lagos. In fact, perhaps only the development of alternatives like Ikeja or the federal capital city of Abuja can solve the traffic congestion and other in-adequate services in Lagos.

network has been generally much improved. It primarily needs local improvements and overall maintenance. The accident rate is still

Another hazard in Nigeria is the high level of crime, which results widespread disorganization and high urban unemployment. Earlier in the year, there was a spree of what is referred to as piracy, the raiding of ships at anchor off the ports. No such cases have recently been reported, perhaps because of a combined military and police operation to control them. There is still robbery on roads at night, although the police claim to have controlled the situa-

These problems are symptoms of a rush for wealth by Nigeria and many Nigerians. Two worlds coexist in uncomfortable proximity: great wealth and harsh poverty. Huge sums are committed daily to construction and development projects, and it is hoped that the spending will filter down to improve the standard of living.

some of the biggest business is transacted creates an illusion of development, nearly all parts of the country are in dire need of basics. The large cities in particu-lar are deprived of refuse collection in most areas, while sewage, drainage and water supplies are inadequately maintained. "I some-times think we are the most underdeveloped of all the developing countries," a Nigerian businessman said recently.

Surprisingly, the traditional courtesy and politeness are not diminished by the difficulties of life. Only in situations where the sheer crush of people raises tension does the good humor evaporate. The labyrinthine arrival and departure procedures at Kano International Airport and money-changing in crowded banks illustrate the bureaucratic inability to cope. But for the most part, visitors can ex-pect both belp and a concern for their welfare when they are in dif-

- RICHARD SYNGE

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* PORT-HARCOURT: 2 Liberation Drive,

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THE BRAND NEW PORT OF CALABAR By Rupert Bibra

The Nigerian Ports Authority (NPA): Just to give you an idea of the size of the NPA and of the volume of trade handled by it, during a twelve month period in 1978/79, 6,322 ships sailed to Nigerian ports and their net registered tonnage totalled 68.5 million tons. The major ports are Tin Can-Apapa-Lagos complex, Port Harcourt, Warri and Calabar and the 3 Oil Terminals of Escravos, Forcados and Pennington (453 of the ships and 28.9 millions of the overall tonnage).

TELL

This page is devoted to Calabar because the shipping world appears to have clung to misconceptions about, "an old-fashioned and small shallow water port up a winding fiver,"—quoting a Sea Captain who must have out of date latterace books. The "it wanted \$2\$ that it in Gate eral Mutala Muhammad to modernise its ports during the Srd Development Plan period—in those days ships had to wait up to 180 days before unloading and often over 300 ships would be at anchor beyond the Lagos Bar. In 1979 the NPA brought on stream 4 new ports—Tin Can, Apapa Container/RoRo, Warri and Calabar—and so at a stroke caught up with the logistical problems that had cost the central and northern hinterland and the new Calabar port was built to serve the central and northern hinterland and the new Calabar port was built to serve the East and the North-Eastern states, taking pressure off Port Harcourt and opening up a larger catchment basin for itself to North Cameroun and

OLD CALABAR: When the NPA took over the harbour installations at Calabar from private operators in '69 these meagre facilities consisted of scattered jetties and wharves located at the foot of a cliff and could not be considered a port in the modern sense of the word. Annual cargo tonnages handled in the years 1969-'75 remained around 100,000 tons and only ships with a draught of less than 6 meters could use Calabar at all. The town itself was cut off from the mainland & cargoes for the hinterland had to leave by car-ferry or barge — now there is a bridge. The Norwegian government helped to change all this. Planning for a new port began in '72 and work on it commenced in Oct. '76, being completed ahead of schedule in June '79. Norway, Holland, Belgimm and West Germany have all given their expertise to build for Calabar an ultra modern

NFA's Fort of CALABAR: This selection of photographs has been chosen to show to you this splendid new port and the people who built and operate it: 1/. 5 vessels, each of 160 meters length overall, can be worked from the Esuk Utan quay at the same time 2/. The commemorative tablet for the commissioning of the new port 3/. The RIVER MADA, Nigerian National Shipping Lines, alongside 4/. The Port Manager's office (with clinic attached) 5/. Looking down on Esuk Utan Quay and the Calabar river 6/. One of Esuk Utan's 3 large transit sheds, rigged with Lighting for 24 hour working of the ships 7/. The Port Manager, Mr. Akpan, inspects storage of palm kernals for export in one of the two large warehouses 8/. A range of 11ff transparent of the two large warehouses 8/. A range of 11ff transparent of the two large warehouses 8/. Bishop Usanga amuses Colonel Omu and Chief N'Kpang, the AGM of NPA 10/. Aliaji Tukur, NPA's General Manager, helps at the hatching of his brainchild—June 9th 1979.

CALABAR lies some 40 nautical miles from the open sea (to Fairway Buoy) and NM from the main entrance channel of Cross River. Before proceeding up the Calabar river it is mandatory to embark a Pilot off Parrot Island. There are presently 26 buoys marking the channel - in '79 dredged to more than 7 meters below chart datum and now being further deepened to 9 metres - up the Calabar river and there soon will be 52, bringing buoyage to the highest international standards. Proceeding up river, Calabar at first sight doesn't seem to have changed much but two new buildings have joined the old skyline of the Catholic Cathedral and the Hope Waddell school chapel -Atlantic House is the new HQ of the Nigerian Palm Produce Board (in 1980 they exported 53,800 tons from Calabar, they operate in 15 states but Calabar is the centre) and the brand new Mercantile Bank Building (a bank that made Naira 12 million net profit in '80) now dominate the skyline. As the over takes its 'S' bend - this is what limits ships' length to under 180 meters - to Esuk Utan Quay, ships will pass the small battle scar'd Dockyard, the Naval Base and the old harbour. Then comes the large Cement works before vegetation closes in again on both banks and the mooning buoys for lighter discharging appear over by the western bank of the river. The river is

still tidal here with a maximum rise and fall of 1.56 meters, and as the ship completes turning through the 'S' bend the new Army 'Armoured River Patrol' Depot hoves in sight, immediately beyond it lies the Calabar Port Development — just as you see it in these pictures. Shipping lines removed the 5% shallow water surcharge for Calabar destined cargoes in '80 and Hamburg based COWAC now offer a discount on cargoes routed through Calabar, UKWAL may follow. Yet shipping lines and Forwarding/Clearing Agents are being slow to take advantage of the faster turn-round that Calabar now offers. In 1980 Cargo throughput barely exceeded 200,000 tons and even the 195,357 ton figure for the first six months of '81 is a poor that the patrol of the faster turn round that Calabar new offers. In 1980 Cargo throughput barely exceeded 200,000 tons and even the 195,357 ton figure for the first six months of '81 is a poor that the patrol of the faster turn round that calabar had been the 195,357 ton figure for the first six months of '81 is a poor that the patrol of the faster turn round that calabar as work up in 18 ships at the same time and should haddle one million tons per annum as of today's preparedoess.

TECHNICAL SPECIFICATION: For approximately 100 million Naira spent so far, Calabar has its new deeper approach channel, an 860meter quay, large modern transit sheds and ware a warr, a very large tarmac'd area for stacking containers & for parking, secure boundaries (the police and customs offices command a view of almost all the feaced area of the port), bunkering by MOBIL, 13 metres of water alongside the quays and for the turning basin, dual-carriage linkage to the new Expressway sys-tem, direct access to a new industrial zone (the first factory, MATCHES, es about to be commissioned) and Fine Zone - where it is hoped Chad and Cameroun will build warehouses, engineering workshops, a fire station and all modern services - including workman's canteen - all round the clock. Just write to the Port Manager, or telex him on 65107 Answer-back PAMBOD for the full technical specifications - or ask your shipping agents (Amami, Express Reliance, Ibroku Commercial, Joki, Panalpina, Triana etc.) or your bank (Union,Ist, UBA all have Calabar branches; quite apart from MERCANTILE's

At the time of writing, Calabar is taking delivery of 9 Portal Cranes of 3-5 ton capacity that will be mounted on the rails alongside the Esuk Utan quay. These will be backed up by 6 mobile cranes of 25-30 ton capacity and 56. Forklift trucks from 3-30 ton capacity. In the 82-85 Plan

for Calabar's development, orders have already been placed for one Portainer crane (a million Naira 'Portique') and a Ro-Ro Platform. Of course Calabar must have Portique and Roll on-Roll Off capacity by '85 Container-ration offers 3 times the handling speed of conventional methods but not all cargoes are suitable for it. The Container/Ro-Ro quay will be built next to Esuk Utan quay in the direction of the Army Depot (down-river), whilst more of the General Cargo handling quays can be built up-river towards the Turning Basin as traffic grows—plans are flexible, but Calabar has spare capacity NOW and shipping lines should be aware of it.

PROGRESS: Calabar is beginning to perform its new actions - offered by the modern port and Expressways to the North & North-East: Ikom, Ogoja, Katsina-Ala, Jalingo, Yola, Maiduguri, Ngula etc. Branches of this road reach Plateau & Kano states and good paved roads extend into Imo - Anambra states. As Agriculture begins to climb back to its mid sixties peak (both the Rubber & Cocoa produce will be shipped from Calabar - rubber, palm kernals, palm kernal oil, cattle cake, groundnuts and cocos, plus limestone & gravel and in turn, imports of rice and wheat will increase. The Nigerian Palm Produce Board alone could double its exports through Calabar as harvests head back to 1965's 205,000 tons peak (not ALL through Calebar). New mobile conveyor belt comp flown in by Herrules - is being tested at Calabar, Limestone exports to the 'Russian' steel mill promise important new business. Ashland has joined Mobil in moving its Nigerian HQ to Calabar and ancilliary organisations will now follow. The gravel wharf up river from the Turning Basin continues successful operation - Coastal traders load up to 1,500 tons per ship & transport this freight to Port Harcourt. Other major businesses in the area include the Nigerian Newsprint Co. and the Palm Kernel Crushing mill (at Abak), the Flour Mills, the Cross Rivers State Brewery and Asbestonit Co. - who will be next?

Write to NPA, 26/28 Marina, Lagos - the PRO's Office or, direct to; The Port Manager, N.P. Authority Building. Calabar - Esuk Utan. telephone no. 221179 Telex no. 65107, Answerback PAMBOD.





Budget Reviews Accompany Vicissitudes of Oil

NIGERIA has felt the recent worldwide oil surplus in two ways: a severe slump in the value of exports in the third quarter of the year, and a drop in the federal government's revenues, affecting expenditures for the rest of the year and into the early part of

While some erosion of the foreign exchange reserves — which stood at more than 5 billion nairs for the first six months of the year is expected by the end of 1981, the balance-of-payments situation appears to be manageable.

Venturing a forecast for total 1981 foreign exchange flows, the president's economic adviser, E.C. Edozien, said recently that the net outflow would be about 14.3 bil-lion naira and the inflow (export payments) 13.4 billion naira, leavmg only a small reduction in reserves over the year.

If the payments situation is easier than some economic commenta-tors have predicted, the same can-not be said of the operations of the federal and state budgets.

Health Services

Some federal ministries have had financial difficulties for some months, following an earlier gov-ernment decision to reduce public expenditure. Especially hurr were health services. Educational spending, largely a state government re-sponsibility, has also been hurt to the extent that some states can no

longer pay their teachers. Some states have recently announced cuts in capital and recurrent spending. In Ogun, the cuts are about 25 percent for new proj-ects and 15 percent in operational

Confirming the need for government austerity, the president's budget director, Chief T.A. Aki-nyele, recently announced that The competing demands of various projects

pose a thorny problem for economic planners.

have to be cut by 30 percent. Given the predominance of the

public sector in Nigeria, it is clear that by regulating the annual budgets to suit present economic constraints the government will also have to apply the brakes to parts of the ambitious 82-billionnaira 1981-1985 development plan.

budget estimates for 1982 would

expenditure "but what is in the document itself remains intact as a total picture of our needs." He added: "It is difficult to see what will happen over the next five years. If the oil sector picks up, it should be possible to accelerate the process of plan implementa-

It is too early to measure the accuracy of the plan's growth fore-casts: Gross domestic product was supposed to increase by 7.2 percent a year, with the manufactur-ing, utilities and communications sectors increasing by 15 percent a

The early signs are that 1981 is a

R ICHARD SYNGE, who wrote most of the articles for this survey, is West Africa editor of the London-based Africa

GILLIAN GUNN is assistant editor for Africa for Business

BAYO ROTIBI is on the staff of the Africa Economic Digest.

BRYAN PEARSON is assistant editor of Africa Health, published in London, and has contributed to numerous publications in related fields.

JIMOH GBADAMOSI is a veteran Nigerian journalist who specializes in public affairs. He is a former features editor of Freight News Weekly in London and editor of Trust magazine in Lagos.

bad year in which to measure the growth rate. After a GDP growth of more than 8 percent in 1980, including 10 percent in manufacturing, the outlook for the whole economy and especially for industry is not good.

Mr. Edozien recently noted that

would be due to the delay in get-ting legislative approval for federal and state budgets, combined with the negative effects of trade union The Planning Ministry is pro-posing no serious revisions of the plan. An official notes that annual budgets many reorder some of the militancy earlier in the year and smuggling, which is strangling some industries.

The government is convinced, however, that the economy as a whole can still be buoyant during the next 12 months, sustained, no

The plan remains a useful measure of the government's economic ambitions. Some of its original as-

sumptions, however, have to be reconsidered, notably its anticipation of aggregate budget surpluses during the five years of 53.6 billion naira. But it did accept the possibility of substantial borrowing, on the order of 16.9 billion maira over the five years. This figure, in many bankers' and economists' estimation, could be increased.

dure for coping with inadequate revenues; delaying disbursements.

If the federal government goes for intensified foreign borrowing, it will want to control the situation and it has issued appropriate to the second process. and it has issued warnings to state governments who have assumed that they have continuing access to foreign loans. Finance Minister Victor Masi rebuked the state gov-ernments in August for seeking foreign loans and said his ministry

any economic decline this year

Setting next year's austerity

budget will be a thorny problem in view of the competing demands of projects, with priorities such as

Abuja (the new capital city) and

Ajaokuta (the country's basic iron and steel industry). The capital spending costs will have to be weighed against the recurrent de-

mands of state governments, social

spending, the armed forces and the river basin anthorities.

For big projects, the government does have the possibility of raising foreign and domestic loans. "The

capacity for borrowing is there and so is the servicing capacity," a mer-chant banker said. Meanwhile,

however, the government's credi-

tors are noticing the application of the more usual government proce-

The government is determined to continue to direct large sums into agriculture, a sector that is not necessarily going to respond in the planned manner, although at the very least this can slow the drift from the countryside to the towns.

would no longer be so keen to grant approval for them.

ceiving attention. Through the agency of both the World Bank and the 11 River Basin Development Authorities in the country. small and large commercial projects are being put together throughout the country.

The introduction of advanced-

technology agricultural schemes is made possible by the setting up of the Joint Agricultural Consultative Committee with U.S. agribusiness firms. A U.S. company is expected to join in establishing a major rice project in the near future and rice mills around the country. Rice milling has been moved from the category of businesses that have to be 100-percent Nigerian-owned and can now have up to 40-percent Nigerian participation.

The government has also agreed

to pay 50 percent of the land clearance costs of any approved agricultural project involving foreign investors. It may also step in to resolve land tenure problems if doubt, by the high level of imports

Western agricultural experts say that Nigeria is unlikely ever to produce enough rice for its needs but that there is a good future in maize, although farmers in the poten-tial maize areas are unwilling to stop growing the traditional crop of millet, which is not as versatile in its end-uses as wheat or maize

Exports

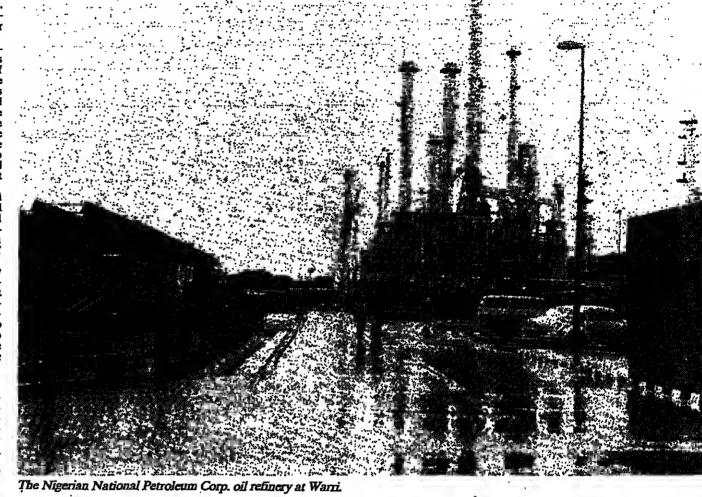
Whatever the needs for diversification of economic activity in Nigeria, the country is forced by circumstance to look hard at its future as an exporting nation. So far only natural gas presents itself as a potential export substitute for oil.

There are serious questions over the ability of the country to sustain its present level of imports, which have doubled since October, 1979, to 1.2 billion naira a month.

The rising cost of imports is due as much to development expendi-ture and the arrival of heavy machinery and capital equipment as it is to the importation of food, Neither of these two areas can be curbed easily, leaving the area of consumer goods as the only possi-ble target for import cuts.

It would be politically difficult

for the president to announce any import cuts, as many of his supporters remember the effects of the former military government's im-port bans of 1979, when many traders and contractors went out of business. In fact, from these lanned manner, although at the country least this can slow the drift some of the remaining bans. In the meantime, the flourishing smug-



Slumping Oil Market Poses Challenge to the Economy

tion many reach 10,000 (of whom perhaps 2,000 will be foreign technicians) with housing, food and

recreation requirements. The 16 gas carrier ships for Bon-ny are estimated to cost about \$200 million each and the discussions on the shipping side are not completed, according to Nigerian

If the project's signing ceremony, takes place as scheduled next year, Nigeria will be well on the way to earning a steady income by the end of the decade. Under the terms of the sales contract initialed Much of the emphasis in the gling activities in the south show "Green Revolution" program is on no signs of abating rice production. Maize is also re
RICHARD SYNGE

by the consumers, there need be no fluctuation in output as has been occurring recently with oil — this

As the new NNPC board of directors looks at the company's reorganization, it will have to take into account the diminishing role of oil as an export and its replacement by gas.

is the firmest attraction of the gas rectors looks at the company's re-

Plans are also under discussion for domestic applications. A power station near Lagos is to be powered by gas, but there has not yet been a decision to install a nationwide gas supply grid.

As the new NNPC board of dibilities, too. The Lagos Daily

of a specialized gas division is ex-pected soon.

organization, it will have to take

into account the diminishing role

of oil as an export and its eventual

replacement by gas. The formation

Times recently noted that emphasis should be placed on promoting self-reliance in the technological aspects of oil production for the time when nearly 50 percent of production will be for domestic

The paper summed up the simation as follows: "At a time when the international oil market is again bedeviled by a politically in-spired oil glut which is somehow having a telling effect on the national economy, the new NNPC board will require all the patriorism and expertise it can muster to ensure that this country derives the maximum benefit from the oil sec-

-RICHARD SYNGE

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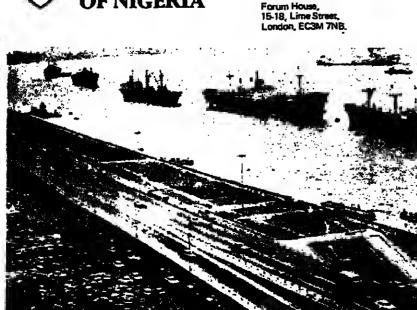
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WE ARE LIKE the buyer of a limit for agribusiness investments has been raised from 40 percent to 60 percent. "There simply are not the lights." That is how Dr. Felix Oragwa, a director in the new Ministry of Science and Technology, describes Nigerians' frustration their dependence on foreign companies and experts.

During the last decade, that trustration has led to a surge of economic nationalism as Nigeria, rich in oil but lacking in expertise seeks to reduce foreign control over all aspects of national life. Successive governments have focused on the issues of foreign investment, technology transfer and the employment of foreigners. But Nigeria needs the foreign services, and so the government seeks to promote "Nigerianization" with-

nt scaring away foreigners. The most visible manifestation of increased nationalism is the 1977 Nigerian Enterprises Promotion Decree, which limits foreign investigation with the aim of "promoting and protecting Nigerian participation in all areas of the

The decree divides business activity into three "schedules." Depending on the sector's level of inclinding and capital intensity, investment must include 40-percent, 60 percent or 100-percent Nigerian equity. Generally, the more sophisticated the operation, the more foreign equity permitted.

Some companies, such as Inter-ational Business Machines Corp., decided to withdraw from Nigeria after the decree was issued in July, 1977, rather than surrender abso-Inte control over their subsidiaries. Most have returned — and IBM reported record Nigerian profits this year — but the decree did slow the pace of new investments.

Nigeria is aware of the decree's chilling effect on investors, and recently adjusted the investment catagnificantly, the foreign equity

enough Nigerians coming into the agriculture sector," a spokesman for the Ministry of Agriculture said. "If we are to feed ourselves, we must permit greater foreign

In addition to the 1977 decree's restrictions foreigners' activities are limited in certain strategic sectors. The government owns and operates the railroads, telephone and electrical services, and holds a minimum 55-percent stake in com-panies manufacturing iron, steel, petrochemicals and fertilizers or distributing petroleum locally.

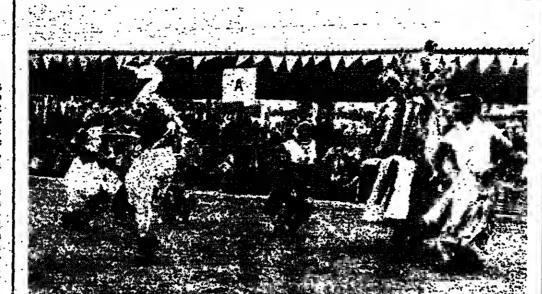
The nationalist sentiment is also evident in the new National Office of Industrial Property legislation: Established in 1979 but domant until this year, the NOIP examines trademark, management and technical agreements between Nigerian and foreign firms to ensure that the technology transfer terms are "fair." Objectionable agreements are denied foreign exchange approval for payment.

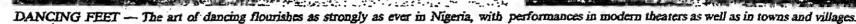
Profit Motive

"Because of the profit motive, companies supplying technology don't want us to develop the absorptive espacity to redesign and implement that know-how," an NOIP spokesman said. "They want to sell us the same technology again and again. The NOIP will

Among the grounds for denying approval are: overpricing, the forced purchase of unwanted gadgets, limits on the uses of the technology, obligations to buy related technologies only from the original supplier and restrictions on local development of foreign techniques. The law also forbids agreements that require contract disputes to be submitted to foreign

Many foreign companies are dis-turbed by this legislation and say





Concern over the economic im-

that it could eventually reduce the transfer of technology to Nigeria. A British company said that the aw. lowers the threshold at which inconvenience outweighs potential profits." Again, Nigeria has backed off slightly in response, and the government is reviewing the law with the intent of softening

The NOIP gives Nigeria the strictest technology transfer law in

Africa, and not surprisingly Lagos pact of uncontrolled foreign activiis the continent's leader in international debates on the subject. In the negotiations on the UNCTAD International Code of Conduct on the Transfer of Technology, Niger-ia is "among the most radical of the Third World participants," a UN spokesman said, (UNCTAD is the United Nations Conference on Trade and Development.)

ty is also behind the government's policies on foreign workers. The authorities believe that Nigerians will not acquire the skills to run their own affairs if top jobs are continually filled by foreigners. The government makes it difficult for companies to employ expatriates and makes permission contingent upon approval of the

firm's employment practices re-

garding Nigerians. When applying for an expatriate permit, the prospective employer must report its program for training Nigerians and its plans for replacing foreign-ers with nationals. In addition, all firms must contribute a percentage their total salaries to a central fund. Upon government approval of the company's "Nigerianization" efforts, up to 60 percent of this is refundable.

The government also can simply order the employment of Nigeri-ans. For example, last winter the authorities instructed firms to place Nigerians in executive board positions. They previously had been confined to non-executive board posts.

Despite the government's vigor ous efforts, the employment of for-eigners will undoubtedly increase during the coming years. The five-

year development plan reports a current shortfall of more than 55,000 professionals and anticimore than 120,000 by 1985. Nigeris will be able to fill only a fraction of these vacancies with its citizens. The development plan thus concedes: "It will be necessary to-continue to facilitate the inflow of qualified expatriate personnel."

—GILLIAN GUNN

Economic Benefits Sought From Investment Controls

Special to the IHT WHEN the civilian government came to power, it rapidly saw that industrial policy had to

The National Party of Nigeria its election manifesto, had already written about the need for more order in industry. Once in power, the government put out a document entitled "Nigeria's Industrial Policy and Strategy: Guidelines to Investors." Although it is only a statement of intent, the authorities take it seriously, and it is already apparent that investors benefit from the substantial incen-

Previously, industrial policy had concentrated on import substitution. The new document concludes that "the benefits of this strategy to the national economy have been minimal, principally because of the invariably low local level of value-

The 10-percent contribution of the manufacturing sector to gross iomestic product is considered ow. Output has been characterzed by a high level of low-technology light industries. The engineerug sector should be much larger, vinister of Industries Alhaji Idamu Ciroma said, "There is an Imost total absence of intermedite and capital goods" in Nigerian

The authorities want to reduce lependence on manufactured im-orts, exploit local resources and meure that technology is trans-erred to Nigeria. Additionally, hey want industry to create jobs. Investors who try to increase lo-al value added (which roughly is casured as the proportion of loal input) will benefit from certain eventives. Local raw materials are o be used wherever possible, espe-ially in agro-based industries. Im-orters of semi-finished products vill be encouraged to start the loal manufacturing of such goods.

Manpower development is a crucial part of industrial policy, and investors must produce plans for staff framing. For foreign companies, the approval of foreign staff will depend upon the drawing up of such plans.

The government acknowledges the role that the private sector has to play in development. It has pledged that, if investors offer an industry of real benefit to Nigeria, the complex process of approval will be streamlined to facilitate the rapid establishment of that industry. The government has formed industrial development and coordination committee that brings together the available ministerial knowledge on Nigerian industry to judge the value of any single investor and what concessions he is to be offered.

The most important concession for a company is "pioneer status."

A firm whose proposed investment is on the list of pioneer industries will get a tax break of three to five years. If a company is given "ap-proved user status," it can import a number of raw materials at highionary rates. Income tax provides for the accelerated depreciation of capital investment, and when imported raw materials are used for products that will eventually be exported, the manufacturer is entitled to the reimbursement of the import duty. Import controls have often been used in the past but mainly to fight inflation. There are restrictions on certain imports if they are seen as unfair competi-tion to Nigerian goods.

To encourage the growth of lo-cal value added in the manufacturing sector, the government offers companies excise tax concessions proportionate to the level of value added. Such allowances last three

years and may be extended.

Although Nigeria has no formal regional development plan, companies that invest in disadvantaged areas will also receive favorable treatment from the government.

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Liabilities, Marc	1981 h 31: N'000	1980 N'000	Assets, March 31:	1981 N'000
Capital	30,000	30,000	Cash & Banks	1,150,372
Reserves	64,312	47,597	Investments	82,314
Deposits etc.	2,407,218	1,576,225	Loans & Discounts	1,268,844
Contra A/cs.	918,348	772,169	Contra A/cs.	918,348
Total	3,419,878	2,425,991	Total	3,419,878

N1 = US\$1.567; Stg. 0.783; FF 8.657

3,419,878 2,425,991

1980

M'000

762,991

39,883

850,948

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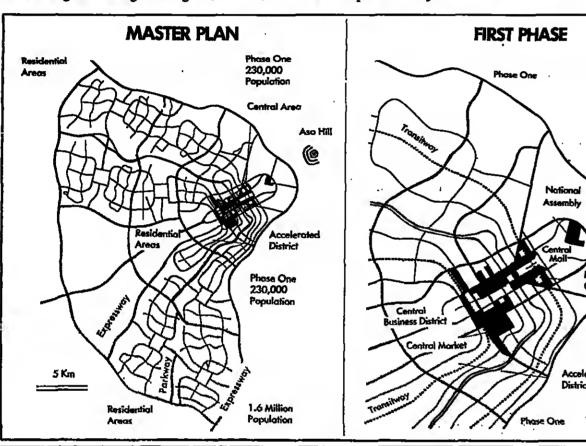
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Gwari villagers are being encouraged to move from the Federal Capital Territory.





There is a flourishing business in building materials in Abuja.

New Federal Capital Rising on Ancient Site

(Continued from Page 75) companies. And most estimates suggest that another 1 billion naira has already been committed to the work under way, mainly on the road systems being built by West German contractors Julius Berger and Strabag and by French con-tractor Dumez.

The problems of coordination are huge for the small FCDA staff, which, 50 kilometers away in Sule-ja, cannot always see what is happening on the ground. The staff is overstretched in the coordination of plans and quality control. Con-tractors and consultants have occasionally found themselves duplicating or conflicting with one another company's work.

Another concern among con-tractors on the site is that the FCDA may have to slow its rate of spending because of the federal government's looming revenue difficulties. With major new contracts coming up, requiring hinge "mobilization fees" before work can start, the real importance of Abuja to the federal government will be clearly tested. Abuja has been said to be "Priority No. 1" under the 1981-1985 development plan, but there are other priorities.

The full costs of supplying Abn-ja with all it needs have not been publicly estimated, but costs for roads, power and supplies, for ex-ample, are already considerable.

A population of 1.6 million has been estimated for the year 2000. This is a realistic figure, but how much of the accommodation for this population can be provided by the building plans envisaged at present is open to question.

Local contractors have been given encouragement to persevere, al-though much of their work is rec-ognized as not being up to the standards envisaged in the plans. What is surprising is that no provision has been made for the appli-cation of traditional materials and building techniques, which could be aesthetically pleasing and well-adapted to the climate.

Powerful Arguments

Despite the difficulties, Abuja has got under way, and the arguments for pressing ahead are powerful ones. They include the continuing congestion of Lagos and the fact that the search for neutral ground between the three great ethnic groups — Hansa, Yoruba and Ibo — has produced a spectac-ular site with the potential for good communications with all three areas, particulary by road

The costs are heavy, however, and a semi-functioning new capital is not likely to produce greater ef-ficiency in itself. In most activities, Abuja will not be able to replace Lagos for a good many years. On the local level, how much the Gwari people will benefit from the

upheaval on their traditional land, is not certain. Their old social order is likely to be eroded quickly. The government's provision of new villages, where the ecology is different, and where they have to

find new employment, could cause painful adjustments.

The old village of Wuse is now surrounded by the activities of earth movers, bulldozers and cranes and has momentarily flourished as a market providing food for the buse numbers of workers. for the huge numbers of workers. But its days are numbered. New Wuse has been constructed 70 kilometers away and the old Wuse displays a "last warning" sign that. all structures are to be demolished shortly.

The new Abuja, however mod-ern in conception, is going to need markets, the vital institution in Nigeria. It will be interesting to see if they appear where the planners have decreed, or if they emerge at bave observed corners.
—RICHARD SYNGE

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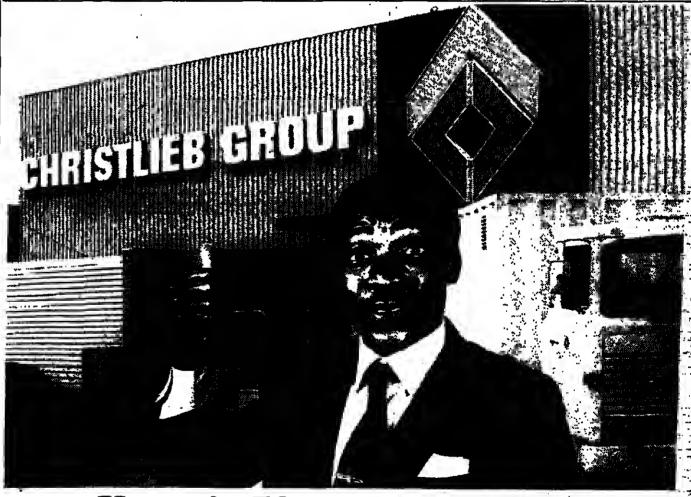
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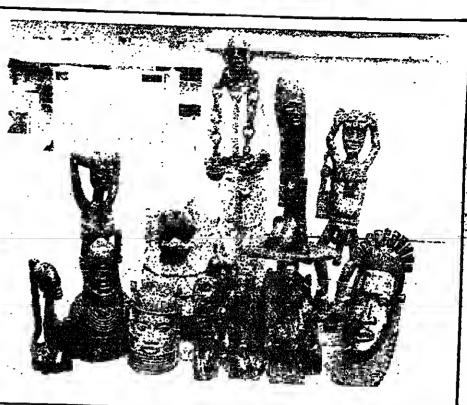
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Exporting' of Country's Doctors Proves to Be Costly — Health System Ends Up Paying the Bill

DESPITE cosmetic changes and Nigeria's health service is having major problems, and public confi-dence and staff relations are dete-

The main factor is the infras-tructural weaknesses. New teaching hospitals are built at costs

Thirteen teaching hospitals consume more than 40 percent of the national health

exceeding \$100 million, while existing hospitals experience swinging budgetary cuts to finance the expansion. Even in some of the foremost medical establishments. saline drips and basic drugs are not available in the pharmacy.

Often, with the collusion of doctors and nurses, relatives of patients are sent to local patent medicine stores to purchase prescribed medicines at vastly inflated costs. The majority of drugs find their way into the private sector, and those dealing in them are making a those dealing in them are making a-

Health facilities, like many other to the developed nations.

things, are affected by politics, and it is unfortunate that Nigerians are costly new instrumentation, risks health service in the control of expenditures increase, relatively unaffected by cuts, while budgets — not quite so politically visible — suffer setback afer setback — means that a further area of health

The health service is undoubtedly more advanced than most others in Africa, but the splendor one views from without is not always reflected within.

Some of the reasons for these problems are clear. There are approximately 85 million people to care for. While Nigeria wants to be independent, its budget is not limidess. Independence means training Nigerian doctors, and that means teaching hospitals, which are fantastically expensive and, in humanitarian terms, quite waste-

There are 13 teaching hospitals - with four more planned - consuming more than 40 percent of national health spending. The result is that Nigeria graduates hundreds of doctors each year. But although their training has been at the expense of the rest of the bealth service, a large percentage of these highly qualified men and women move either into the private sector or leave for Western Europe and the United States to practice because they find it too flustrating to work within their own health structure. Nigeria has become a net exporter of doctors

Labor Issues Intensified By Oil-Revenue Decline

Special to the IHT ion Disputes Decree introduced by THE POWER of the nation's lather military government, as well as Labor Congress, is being tested by the general financial decline. The Labor Congress is anxious to prove its credibility to workers, but the government is expected to stand firmer on wave issues to he military government, as well as rent and transport allowances and automobile loans.

President Shagan's fiscal 1980 budget in March made some concessions to the NLC, agreeing to a 100-naira minimum monthly wage stand firmer on wage issues be-

anse of declining revenues.
The House of Representatives has passed a bill raising the mini-mun monthly wage to 125 naira from 100 naira. The bill will not come into force until President Alhaji Shehu Shagari has signed it, ever, and it is now thought cly that the government might nt to use restraint.

The Labor Congress suspended a two-day general strike in May in return for government pledges of an increase in the minimum wage. This followed a lengthy meeting between NLC leaders and the government, which also agreed to a 67-percent rise in monthly minimum pensions from 33 to 55 naira and in peneral fringe benefits. The and in general fringe benefits. The communique issued after the meetng did not specify a new mini-mum wage but noted the NLC's ejection of an offer of 120 naira made earlier by a House commit-

Nigeria's financial condition has leteriorated since January because if the worldwide surplus of crude al. According to one estimate, the S percent wage increase could aise the federal government's exsenditures by as much as \$3 bil-

Meanwhile, having seen its orig-nal demand of a 300-naira mini-TLC does not want to accept fur-VLC does not want to accept nur-ber stalling by the government, yen in the often-mentioned inter-st of industrial peace in the new ivilian era. Nevertheless, it is oubtful that it will strike, despite time threatening noises. Aside tom the May I1-12 general strike, arec previous threatened strikes iree previous threatened strikes id not come off.

The NLC's first real threat of a meral stoppage came in May, 979, shortly before the end of the ilitary regime. Politicians imme-iately accused the federation of ot wanting a return to civilian ile, while the military said the migress was motivated by exteral sources plotting to destabilize

The NLC gave a second ultimam in January, 1980, to President hagari's 4-month-old administraon. It demanded the repeal of the ighly restrictive 1975 Trade Un-

President Shagan's fiscal 1980 bidget in March made some concessions to the NLC, agreeing to a 100-naira minimum monthly wage as well as to rent and transport allowances. A committee was set up to review the labor laws. The NLC's third threat followed its charges that nothing had come of the committee's work.

Lukewarm Support

When the NLC finally managed to call its members out on a general stoppage in May, its voice had lost its stridency and support was lukewarm. At the same time, politicians revived the allegations that its action was unpatriotic.

The strike was barely successful, mainly because of poor organization. But international flights were grounded by striking air traffic controllers, public transportation was halted, the ports were paralyzed and shops, particularly in Lagos, were closed.

Worst of all, the petroleum industry was brought to a standstill. But many of the workers who defied the strike call saw it only as The strike was barely successful.

fied the strike call saw it only as the NLC's desire to use freedoms that had been curtailed under 13

years of military governments. rears of military governments.

The government is seeking to end the apparent confusion in the labor scene. It is pushing legislation that, it argues, complies with the International Labor Organization code forbidding the enforced membership of an individual union in a central labor movement.

This would in effect end the This would in effect end the

NLC's monopoly.

NLC leaders accused the government of seeking to break up the labor movement for political benefit. Other critics of the proposed legislation say that the government is seeking to divide the various unions because of their growing

A breakaway faction of the NLC has been formed, called the Congress of Democratic Trade Unions, but its claim to backing from 30 of the NLC's 42 member unions seems exaggerated. Its creation nonetheless could indicate a weakening of resolve among labor

unions to keep a united front.

At the same time, the NLC's claim that its affiliated unions have a stranglehold on the nation's economy because of the key sectors that they control may be exaggerated. Another general strike could indicate where the real labor

power base lies.

trum, Nigeria is trying to develop a ment capital.

The health planners argue yely primary health care (PHC) progets: gram, geared to operating with
e — paramedical health workers. This
means that a further area of health
means that a further area of health

would leave the country dependent for years on foreign doctors. Thus, the argument goes, the bealth service would be accused of quackery by many people - teaching hospi-

tals therefore are vital. The public is unhappy about the

failure of the nation's investment for a month earlier this year. When lieve that, to a degree, the fault lies to make any great changes in the disease pattern. On the other hand, doctors believe that they are un-derpaid, overworked and frustrat-

compared with colleagues in other disciplines at the university, for example, they are prohably right.
But the days when the title "doced by shortages of essential tools for was respected by many seem of their trade. They went on strike to be ending. Some observers he-

with the doctors' attitude, but that it also lies with the planners who, seeking to satisfy both political and health needs, have made health care boom only in the pri-

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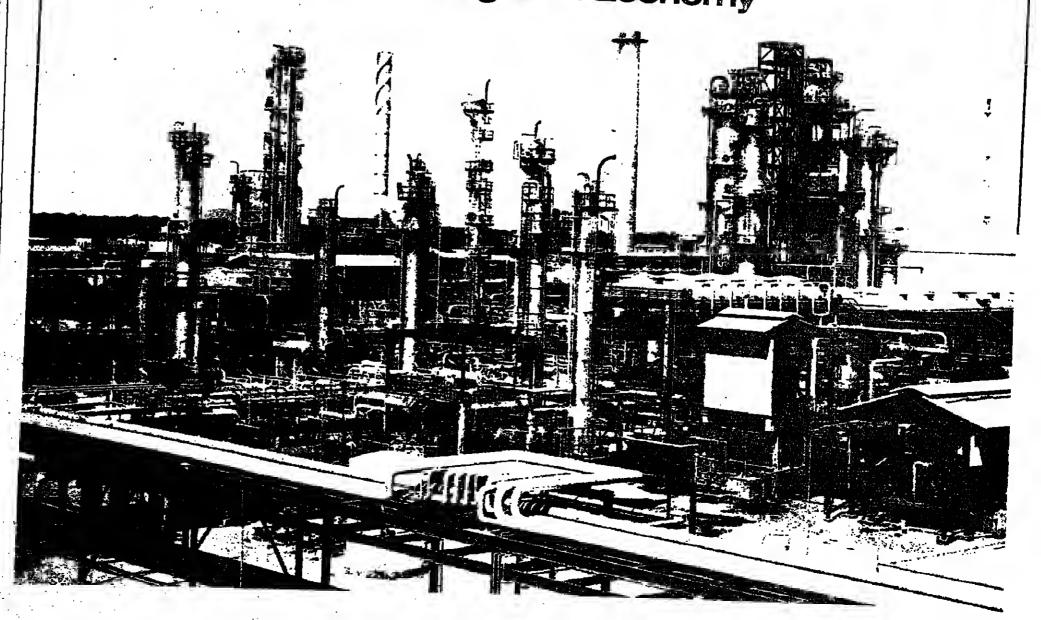
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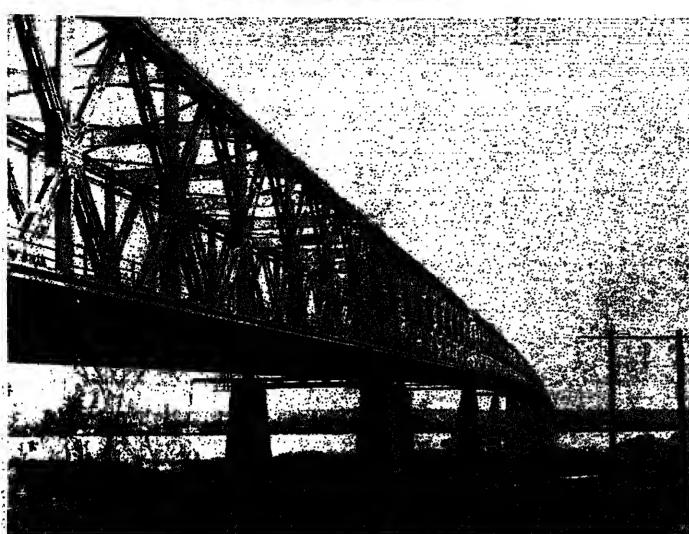
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Industrial Output Lags, Steel May Be Key

TNDUSTRIAL growth has never been quite up to expectation in Nigeria, and the present outlook is particularly bleak for manufacturing companies. Last year, the output did manage to rise by 10 percent, but this year industrialists are gloomy. Nevertheless, the nation has comprehensive industrial activity in textiles, building materials, agricultural processing, vehicles assembly, oil refining, timber furniture, paper, pharmaceuticals and consumer goods. Steel mills are planned around the country.

While trading companies are making big profits, the manufacturers are expecting losses and some companies in the textile industry bave closed. The crisis is related to the boom in imports and to smuggled goods providing ma-jor competition to domestic prod-

called on the government to stamp out the smuggling and it has promised to do so, but few expect it to be totally successful. But the state has a stake in many industries and is likely to want to protect them from unfair competition.

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labor costs than of dislocations in supplies of raw materials or spare parts and consequent ex-

pensive delays. Industry Ministry officials know that there is a long way to go be-fore the country can have efficient and profitable industrial output. also see the need to protect local goods. The government as a whole, however, is poorly briefed iced estates, and so on the industrial situation and are in preparation. feels that it cannot evolve solutions until more is known about the problems.

The manufacturing sector accounts for only 6 percent of gross domestic product. Officials would like to see more interdependence between factories for supplies.
"People think only of external goods are too accessible. Not many industries look at each other's needs to see how best they can supply them." He sees the best hope for integration in agriculturebased industry.

There are some steady success

What makes locally produced stories in industry, particularly in cods more expensive than the the manufacturing of beer and soft goods more expensive than the the manufacturing of beer and soft smuggled items is less the result of drinks, leather goods, cement, paper and pulp, cosmetics and soaps. Automobile assembly has become intensive, although the assemblers face operating losses and the de-mand for vehicles is enormous, given their short life on Nigerian

> A popular formula for federal and state industrial projects has been the construction of well-serv-iced estates, and some "free zones"

There are few places not affected by organizational problems, with inadequate water and power supplies and heavy dependence on

foreign workers.
With the burgeoning steel industry, which will facilitate general industrial progress, the requirement for foreign workers is unusually training programs allow for largely Nigerian management soon after production starts at the main blast furnace and rolling mill complex at Aiaokuta.

project will cost 3.5 billion naira eral funding for the ore mining Situated by the Niger River in company. Another problem is Kwara state, Ajaokuta has had to posed by the non-availability of be built from scratch. Much of the coking coal in Nigeria. A team of steel town is in place, a river port has been completed and founda-tions have been laid for many of the buildings. Water and power supplies are being made available and telecommunications are being

installed. The first phase also involves building and staffing a metallurgical training institute.

Like Abuja, Ajaokuta has become an international venture, with a wide veries force. with a wide variety of loreign firms participating in its construction.
The Soviet firm Tiajpromexport is responsible for operations and ma-chinery, but the first stage of civil engineering is being handled by French and West German firms; a

Dutch group built the river port. An Indian firm of steel consultants has an important advisory and coordinating role, with experience from Soviet steel installations in

Providing housing for up to 7,000 Soviet engineers has been long delayed, and for a while the Russians were doubtful whether the Nigerians intended to proceed with the project as planned. But after a recent visit to the Soviet Union, Steel Development Minister Mamman Ali Makele said that many such difficulties had been resolved and that the Russians would have no problem getting into Nigeria.

The Ajaokuta Steel Co.'s general manager and chief executive, F.R.C. Ezemenari, said that the first two rolling mills, using imported steel billets, will be functioning in 1983. The full project may be approaching start-up in 1985 but there are still problems.

unace and rolling mill complex
Ajaokuta.

The first phase of the Ajaokuta
Ajaokuta, because of delays in fed-Soviet geologists and experts is to undertake studies in the hope of getting most of Ajaokuta's raw material needs from the country.

A railway from the opposite bank of the Niger, to link up with the existing Makurdi-Port Har-court route, has been proposed, but it is still not confirmed that this will be the access route for Ajaokuta. The planners still have to decide how to bring about 600,000 metric tons of equipment from Eastern Europe (mainly Czechoslovakia and East Germany) to the site once it lands on Ni-

Airline Services Have Shown Sharp Growth

DOMESTIC AIR travel has grown in leaps and bounds during the last three years. Growing affluence in the cities, the development of state capitals and the spread of professional and trading contacts around the country have provided the impetus for the ex-pansion of Nigeria Airways' scr-

Between 1978 and 1980, the airline's handling of passengers dou-bled from 3,500 a day to more than 7,000; by the first quarter of 1981, the airline was handling 9,000 a day at peak travel times. By the end of 1981, it expects to have carried 2.7 million passengers in the year. Most of these will have traveled within Nigeria.

There are now airports in nearly all the 19 states, and domestic air fares are low in comparison with those of other countries, although naturally much higher than local buses and trains.

It is largely people on business who do most of their traveling by air, but more families are also flying on weekend trips. With the de lays and dangers on Nigeria's roads, where the accident rate is high, it is not surprising that more people are choosing to fly.

Changing Market

The airports and airline authorities have had little time to adapt to the changing market. Nigeria Airways has to operate out of ram-shackle offices by the old Ikeja air-port. Despite its problems, it has just managed to keep pace with de-mand. The Nigerian Airports Au-thority has recently had large sums at its disposal and has commissioned a series of "international airports" around the country, but the pace of construction has been slower than hoped. Nevertheless, Port Harcourt now has a properly

functioning international airport, while Kaduna and Abuja will open theirs in a matter of months.

Nigeria Airways has an insatiable demand for new aircraft, and leases six of its total fleet of about 25 (several of which are out of service at any one time). It has at least eight new planes on order, including four Airbus A-310s, but delivery of most is not expected until 1983. The need for leasing has so far here filled to relatively has so far been filled exclusively by Air Tara, based in Shamon, Ireland, which is providing five Boeing-737s for domestic use and one DC-10 for international

KLM Team

During the last two years, the airline has been managed mainly by a top-level KLM team from the Netherlands, which is expected to

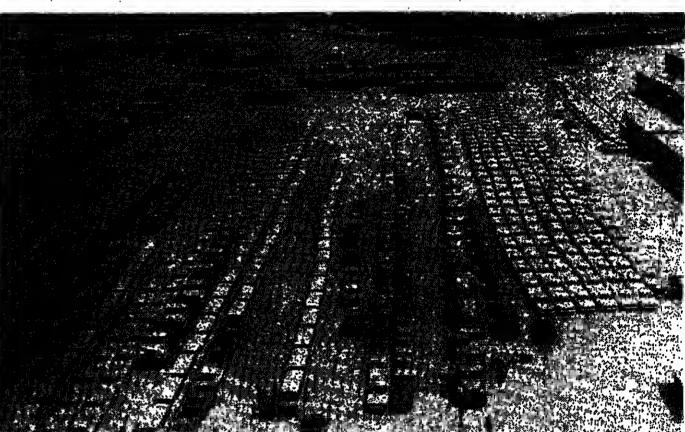
whether to go it alone and is taking into account the continuing expan-sion and the need for aircraft maintenance. Much of this work will probably continue to be done by arrangement with Lufthansa

and Aer Lingus. Some senior government mem-bers feet that the airline manage-ment has not performed well dur-ing the last few years, and there are persistent rumors of the gov-ernment favoring the development of private airlines in competition.

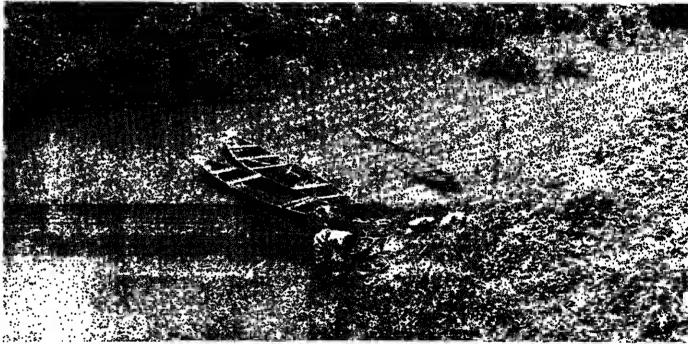
Employees Protest

The local air transport employ-ees association recently protested competition to Nigeria Airways being proposed by three charter airlines — Inter Continental Airlines, Central Airlines and Kabo Tours. It claimed that Kabo Tours.

(Continued on Page 17S)



Trucks, vans and military equipment lined up at Tin Can Island Port at Lagos.



There are several navigable rivers in Nigeria, including the Niger, the Benue and the Cross. Extensive lagoons of the southern coastal area also play an important role in transportation and economic activity.

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Substantial Expansion Is Noted in Area of Banking and Finance

BANKING and finance in Ni-geria have grown impressively with the increase in revenues dur-

ing the last decade.
With a major injection of revenue expected during the next five years as the nation's fourth development plan (for 1981 to 1985) is carried out, the prospects for bankers are better than ever. But their conduct will be closely guided. The authorities, and notably the central bank, want the banking system to respond to the needs of

There are 20 commercial banks in Nigeria, and several more have applications pending government approval. In 1970, there were 14 banks. Apart from the growth, there bave been significant changes in banking. For example, the laws state now that no bank can be wholly foreign-owned, but those that were present about 20 years ago still dominate the bank-

The oumber of branches has grown to more than 800 and under the rural banking program, this can be expected to increase rapidly in the oext two years. But in a country with a population of about 85 million, 800 commercial bank branches remains a small oumber,

In the past, most banks awaited the arrival of an ample supply of customers rather than seeking them out in rural areas.

It is in the commercial banking sector that some of the immediate handicaps of banking in Nigeria are apparent: Service can be slow, cbeckbooks and credit cards are not generally trusted. Furthermore, although the commercial banks, by paying well, draw large proportions of Nigerians with experience in banking, the shortage of qualified manpower is felt throughout much of the certage.

throughout much of the sector. There are six merchant banks operating in Nigeria, and as major projects are planned they expect their role in the economy to ex-

The government has taken measures to prevent what had begun to appear as the duplication of roles between the merchant and other banks. The merchant banks, for example, were often criticized for encroaching on areas that are nor-mally those of the other banks.

One of the most spectacular advances in terms of oumbers has involved insurance companies, which in the last decade have increased from 25 to 67.

There are 20 commercial banks in Nigeria, compared with 14 in 1970, and

several more have applications pending. The number of branches has grown

to more than 800.

There are now four development banks, which, after a hesitant start, have been promised considerably higher funding under the fourth development plan.

The money market operates at a relatively modest level, leading most financiers involved with Nigeria to expect that this will be an area of great expansion in the next few years. The Lagos stock ex-change is dominated by government bonds, and it appears slugg-ish compared with Western stock

actions as of the end of 1980 val-

ued at 389 million oaira. Banking is seen by the authorities as a key to the rapid develop-ment and transformation of the

Through the central bank, com-mercial banking must respect guidelines — on interest rates and credit ceilings for example — in-tended to benefit sectors of the economy that otherwise would be neglected.

Commercial and merchant

banks have to commit at least 70

percent of loans and advances to so-called preferred sectors at preferential interest rates. During the last 10 years — the guidelines were introduced in 1969 — commitments to the preferred sectors have more than doubled. Stiff penalties are imposed on those who exceed credit ceilings in the less-preferred sectors or who fall short in the preferred sectors. They have to depos-it the equivalent of the excess or shortfall at no interest with the central bank, which redirects it to the Nigerian Agricultural and Cooperative Bank or to the Federal Mortgage Bank. Banks are also obliged to commit 70 percent of their credit to indigenous bor-

rowers, 16 percent of which must

The rural banking program was set up for geographical diversifica-tion and to improve loans to rural areas. Among other things, the program required banks to open 260 branches throughout the country by the end of 1983. Depending on the size of the bank, the central bank allocates the number of branches it must open.

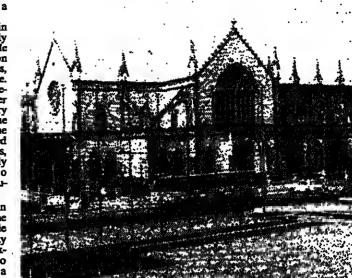
Although bankers do not object to the principle, they have criti-cized the rural program, citing, for example, the cost of running a bank in some small towns where depositors might be of relatively low income and the exacerbation of the manpower shortage.

The central bank also runs the

Agriculture Credit Guarantee Scheme, established in 1977, which essentially covers commercial banks for up to 75 percent of loss-es on loans and advances to the agricultural sector. As an incentive sidered successful, but the governvernment cushion

The role of the central bank in commercial banking is clearly strong and vital. What is a bitle less clear is its position in relation to the other financial authorities. notably the Ministry of Finance Its role there may be best de-scribed as consultative. A number of decrees by the former military governments gradually eroded the power of the central bank. Some feel that the erosion has impeded its capacity to act on crucial issues. and the government is gradually obtaining closer cooperation among the leading financial authorities.

There will be further changes in the direction and structure of the financial system in the next decade because of changes in the economy tent the authorities are forced to experiment in order to arrive at a financial system that fits the na-



FLYING buttresses adorn Holy Cross Cathedral in Lagos.

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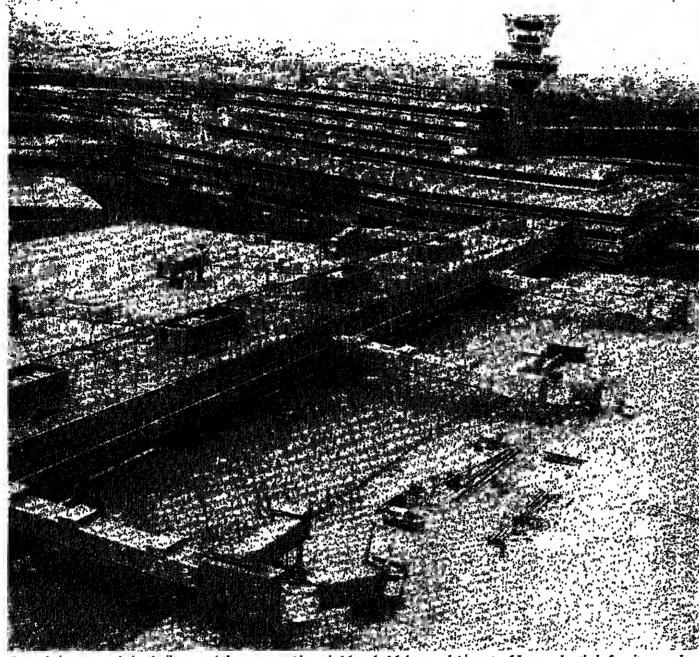
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And at Lloyds.



Several airports are being built around the country. Above is Murtala Muhammed Airport of Lagos, shortly before it opened.

Airline Services Have Shown Sharp Growth

in particular, was openly operating regularly scheduled flights. Before these private operations came into being, private air travel was only permitted to the major companies who needed to have worker-transport services, particu-larly the oil industry, which has

cently ran afoul of federal legislation and collapsed, with its planes now stripped of parts by thieves. This is unlikely to happen to the private operators, who are still hopeful that there will be room for business when Nigeria Airways has to face the next phase of its.

One of the biggest advances in has to face the next phase of its

One of the biggest advances in worker-transport services, particularly the oil industry, which has long been served by the privately owned Pan African Airlines and Bristow Helicopters.

One state government airline, Delta Airlines of Rivers State, re
has to face the next phase of its expansion. What will happen when more states demand international flights into their capitals is difficulties for visitors to Nigeria and made the domestic flights more manageable. Two years later, however, it is not working as well

new airport building and better road links to the international airport and the rest of the city. Although Abuja may become a central point for flying operations, the bulk of the traffic will still go through Lagos.

- RICHARD SYNGE

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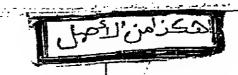
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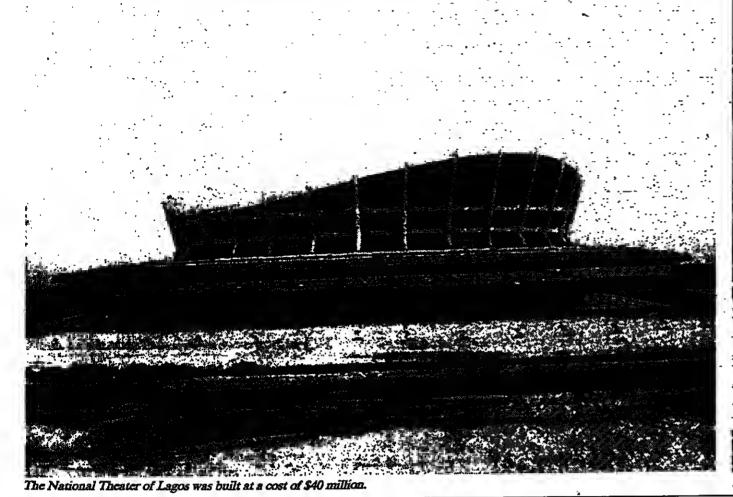
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Functions of state government buildings such as this one will eventually be shifted to Abuia.

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Migration Into Cities Poses Many Problems

THE DRIFT from rural to urban areas in Nigeria has ached the point of crisis, While had a deleterious effect on the

proublesome effect on the balance within each community. The rocketing crime rate and de-teriorating health status in cities such as Lagos and Ibadan are symptoms of an epidemic that if caught early enough could have been treated, but which is now practically immune to any form of

Most developing countries are experiencing similar socio-eco-nomic change, though not quite to the same degree. In broad terms, Nigeria has 25 percent of the black tropical African population. It also has 38 percent of the city dwellers. In short, it is a leader in urbanization, which with the impending freedom of movement in **ECOWAS** (Economic Community of West African States), may continue unabated

Milk and Honey

Nigeria's wealth makes it the proverbial land of milk and honey to the inhabitants of many neigh-boring states, whose economies do not provide the opportunities found in many of Nigeria's cities. Agege, for example, on the outskirts of Lagos, is a Ghanian stronghold, while the slum areas of Obalende on the otherwise exclusive Ikoyi Island have a strong

Beninois presence.

But it is from the rural areas of Nigeria that the majority of the new urban dwellers have come and on whose shoulders the new, rather tense society is being built. Their links with hometown or village of origin remain strong—too strong perhaps, for the economy to sustain the movement.

tain the movement.

The new urban dwellers are mainly young adults, who regularly remit a percentage of their earnings to the family, thus depriving the urban areas of much-needed investment, while at the same time reducing the agricultural production in the rural areas.

Many village households depend

Many village households depend on remittances for maintenance. The remittance system therefore has made it possible for large num-bers of people living in the rural areas to benefit from the development and growth of urban econo-mics, enjoying a higher standard of living, at the expense of agricul-

Lacks Productivity

Equally serious is the nature of much of the urban employment: Often there is little productive about it. Taking the form of "sec-ondary trading," it is parasitic, and

fails to impart any new impetus With only a fraction of the city populations creating the revenue from which services for so many easy to appreciate why urban facil-ities are over-used and why the standards and efficiency of urban services are low.

Urban management is difficult: Property rates, income taxes and other small taxes all provide revenue, but they are difficult to collect when an area mushrooms.

The origins of Lagos lie in farming. The early Yoruba settlement in the 17th century was in what is now Ebute-Metta (on the mainland), which then developed into Iddo Island for defensive reasons during inter-Yoruba hostilites, and Lagos Island became the farmland for the community. The indigenous name for Lagos, Eko, is thought by some to derive from "oko," then the Yoruba word for "farm." Little resemblance re-

From those early settlements cities like Lagos developed. Super-vision came from the traditional rulers, whose jurisdictions spread over rural areas. Today, the traditional rulers have lost few of their powers, and thus there is a dual

The negative influence of this dual leadership, coupled with the rather discriminatory attitude of long-time residents toward the newly arrived immigrant, has a debilitating effect.

The inner urban areas in Britain empted under the pressures of ten-sion and deprivation this summer, and there have been similar ourbreaks of violence in some of Ni-geria's crities. People can accept a certain amount of living atop one another, but when conditions de-teriorate, the pot can boil all too

Increasing Danger

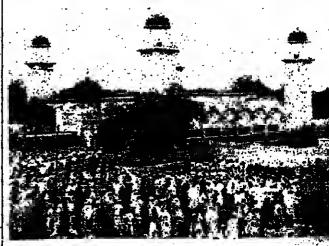
In some of Nigeria's larger ur-ban areas, the lack of effective planning and the dearth of facili-ties and amenities represent an in-

A way must be found to curtail the influx to these areas. Several cities reached the saturation point many years ago. Yet with universal primary education and a high per-centage of children graduating into secondary education, the outlook for reducing urban migration is not good.

The difficulties of creating em-

ployment opportunities fast enough to keep pace with the aspi-rations of an educated population may prove to be a real "Catch 22" in the development of the nation.

- BRYAN PEARSON



MOSLEMS gather for prayer at mosque in Sokoto in northern Nigeria.

Dollar Declines as Reserve

IMF Says Major Currencies Gained Over U.S. Unit

WASHINGTON - The U.S. dollar, despite its surge in value on foreign exchange markets, continues to decline in importance as a foreign exchange reserve, the International Monetary Fund has

In its annual report, released over the weekend, and in a followup briefing on the report, the IMF said, "the share of the U.S. dollar in the value of foreign exchange reserves identified by curreacy continued its decline from a peak of 87 percent in 1976, to 59 percent by the end of 1980."

It said the dollar's share declined because holdings of dollars grew by the equivalent of 11 billion special drawing rights (the IMF's monetary unit) while holdof the principal non-dollar percent from 0.9 percent and Dutch guilders rose to other principal non-dollar percent and Dutch guilders rose to 0.8 percent from 0.6 percent. The IMF also said it expects the current account deficit of the inings of other principal non-dollar currencies increased 19 billion

the Swiss franc and the Japanese yen increased as a proportion of total reserves," the IMF said. While the shares of the French franc and the Netherlands guilder rose marginally, the pound serling reversed the trend toward a declining share evident through 1978 and

increased its proportion."

Specifically, the yen's share rose to 3.2 percent in 1980 from 2.6 percent the year before, the Deutsche mark grew to 12.1 percent from 10.3 percent and the pound rose to 2.6 percent from 1.9 percent.
The fund said the Swiss franc's share rose to 3.5 percent in 1980 from 2.9 percent in 1979, the percentage of European currency units grew to 17.8 percent from 14.6 percent, French francs in

dustrial countries to narrow to \$29 billion in 1981 from \$44.1 billion in 1980.

Staff projections show the current account 1981 surplus of the oil exporting countries will also fall, to \$96 billion from a record \$112.2 billion in 1980.

The current account deficit for the non-oil developing countries, on the other hand, should rise to \$97 billion this year from \$82.1 bil-

lion in 1980, the IMF said.

The IMF said the smaller surplus of the oil producers and the smaller deficit for the industrial countries will reflect "rapid in-creases in imports of the oil exporters and further declines in the

volume of their exports."

The fund said the increase in the deficit of oon-oil developing countries should occur because their economies will not grow rapidly enough to cover the cost of their

From Agency Dispatches
WASHINGTON — U.S. government officials Monday came out

strongly against the use of credit

controls as a means of dealing with

Treasury Secretary Donald T. Regan said that credit controls were not the answer to high inter-est rates, and Murray L. Weiden-

baum, chairman of the Council of Economic Advisers, said the ad-

ministration would oot impose any

type of credit restraints and does

not expect Congress to do so ei-

Credit controls "have never

worked and would not work in this instance," Mr. Regan said in a speech in Indianapolis.

And Mr. Weidenbaum, ques-tioned in Washington, said, "We don't believe in credit controls or

wage controls, that is not the route

we are taking." Asked if President Reagan would veto such legisla-tion if Congress passed it, Mr. Weidenbaum replied, "I don't

Some Republican members of Congress last week suggested im-posing some type of credit con-

several months." He cited a drop

week as evidence of the slow down.

He also noted a one point drop in the Treasury bill rate. This is

The market's jittery behavior "has no basis in any real event in the economy," he said, and the at-

tention devoted to the weekly

money supply figures is "mis-

Imports of many products used

by the auto industry increased by 50,000 to 60,000 tons a month in

the second quarter, according to

Mr. Corey of Armeo.

The Commerce Department has received several complaints about foreign producers selling under the trigger price and is considering investigating them, a department official said. He declined to say

whether the companies were Euro-

auto industry.

Mr. Corey of Armeo.

the steep interest rate situation.

he told a group of bankers.

think it's going to get that far."

high interest rates.

New OTC Methods Upset N.Y. Brokers

By Michael Quint New York Times Service

NEW YORK - The over-the-counter stock market, that boundless arena where securites of as many as 10,000 companies are traded daily by telephone rather than on the floor of an exchange, is taking steps toward combining trading information with the major stock exchanges. The prospect is already making some secu-

A national market system linking the over-the-counter market with the bigger but slower growing exchanges is probably years away, but for stocks of 50 larger companies in the over-the-counter market with the bigger but slower growing exchanges is probably years away, but for stocks of 50 larger companies in the over-the-counter for the stocks of 50 larger companies in the over-the-counter for the stocks of 50 larger companies in the over-the-counter market with the bigger but slower growing exchanges in probably years. away, but for stocks of 50 larger companies in the over-the-counter market, the changes will begin to emerge next February. Starting then, stock quotations for those 50 companies will show the opening, high, low and last price of the day's trades, along with the volume and closing bid and asked prices. Currently, only the volume and closing bid and asked prices are published.

"We are entering never-never land in the over-the-counter market," said Morton Weiss, president of the National Security Traders Association. "Nobedy leaves what the disclosure of miner will

ers Association. "Nobody knows what the disclosure of prices will mean," he added, "but there is concern that it could mean lower profits for the firms who make markets, which could encourage

them to drop the activity."

At the exchanges, such as the New York Stock Exchange or the American Stock Exchange, the "trade tape" was a natural devel(Continued on Page 21, Col. 5)

Sweden to Devalue Krona

Economy Plan Calls for Price Freeze, Spending Cuts

From Agency Dispatches
STOCKHOLM — The Swedish overnment devalued the krona by government devalued the krona by 10 percent, froze prices and announced a 6-billion-krona (\$1.2-billion) program of spending cuts Monday in a package of measures aimed at strengthening the sagging economy and improving export competitiveness.

In addition, the national value-added tax will be reduced to 20 percent from 23.46 percent beginning in November as a concession to beleaguered industry.

The announcement came at a time that the minority center-liberal government of Premier Thorbjörn Fälldin has been under heavy pressure to restore the competitive position of Swedish industry and stimulate exports.

Heavy government borrowing abroad, high inflation and a decline in Sweden's share of international markets in the past years have weakened its economy. Flagging production, swelling imports, slackening investment and gaping deficits have become part of the nation's economic land-

Lower Prices Urged

The devaluation will be against a basket of 15 currencies most im-portant to Sweden's trade, the gov-ernment said. The makeup of that basket will remain unchanged. The krona was last devalued in August, 1977, also by 10 percent.

"It is important that the export industries make use of the devaluation and lower their prices in order to regain lost market shares," Mr. Falldin told a news conference.

Asked if he thought the devaluation in Sweden would trigger a wave of devaluations in Europe, Mr. Fälldin said: "No. I don't think the strong West European economies see Sweden as a guiding star." Officials in Finland, Norway and Denmark said those countries would not follow Sweden's exam-

Asked what impact the devaluation would have on Sweden's trade balance during this fiscal year, Economy Minister Rolf Winten said: "We'll come out somewhere between 15 billion kronor and 20 billion kronor in the red. But without it we would have fared a lot

The package needs the support of the Conservative Party to gain the Social Democrats. Industrialists, economists and

The government said the price freeze, in effect from now until

parliamentary approval. The government parties together with the Conservatives command a onevote majority in the Riksdag (parliament) over the leftists headed by

bankers said that while the cheaper krous will help exports, it will raise the price of imported crude oil and

other products, thus adding to in-

Jan. 1, and the cut in VAT are de-

signed to combat inflation, which is forecast at around 13.5 percent this year, one of the highest rates

Cuts in military expenditures, allocations to local government and reduced compensation for in-flation for retirees will be brought About 600 million kronor will be set aside in a bid to create about 35,000 jobs. Unemployment

stands at 2.6 percent.

In Brussels, exchange dealers said the Swedish devaluation may add to pressures for realignment of currencies in the European Monetary System.

The devaluation can be expected

to boost the Deutsche mark at a time many dealers think it is un-dervalued against weaker EMS currencies, they said.

The krona was trading on the weaker side of its currency basket following the devaluation. Sweden's central bank was said to be intervening to stabilize the market.

NEW YORK — Disappointment over President Reagan's

smaller than expected cuts in de-

fense spending sent prices on the New York Stock Exchange lower

Monday, despite a cut in the prime rate by a major bank.

The Dow Jones industrial aver-

age opened higher but quickly turned down, falling as much as eight points and closing off 6.66 at

Declines led advances, 940-580.

among the 1,895 issues traded, and NYSE volume declined to 34.04

million shares from the 42.17 mil-

lion Friday.

The bond market, which has been blitzed this year by high in-

terest rates and government spend-ing, was sharply lower.

Many traders were disturbed that President Reagan over the

weekend proposed only a \$13 bil-lioo cut in defense spending over

three years when the investment

community was expecting a more

substantial trimming in order to

Crocker National Bank and sev-

eral small banks lowered their

prime rate early in the day to 20

percent from 20½ percent. Manine Midland Bank, Chase Manhattan and First National Bank of Chica-

The most active NYSE issue was CA at 19½, off ¾, with a block

Markets Closed

Stock markets in Switzerland

and all financial markets in Hong Kong were closed Monday due to

prevent a credit crimch soon.

go took that step last week.

Prices on Wall Street Slip

Despite Cut in Bank Rate



Thorbjörn Fälldin

RCA is reorganizing its entertain-ment division and Monday an-nounced the sale of a Manhattan

building owned by its CIT finan-cial subsidiary for \$90 million.

The Commerce Department re-

ported Monday that U.S. invento-

ries rose 1.1 percent to \$499.52 bil-lion in July. The gain followed an 0.8-percent increase in June and left inventories 7 percent higher than a year earlier.

the dollar fell sharply against

major world currencies, driven

lower mainly by a drop in short-term U.S. interest rates. Gold

closed up \$1 at \$450.50 an ounce.

Deutsche marks, down from 2,4045; 2,0340 Swiss francs, down

from 2.0635; and 5.6965 French francs, down from 5.7750. A Brit-ish pound cost \$1.79475, up from \$1.7830.

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The dollar was trading at 2.3763

BUSINESS NEWS BRIEFS U.S. Officials Reject Credit Curbs

Bank of England Acts to Boost Rates

LONDON - The Bank of England raised its short-term interest rates sharply Monday, signaling higher rates for the whole economy and giving a boost to the ailing pound on foreign exchange markets.

The tightening of monetary policy was signaled when the Bank of England lent £79 million to money market discount houses at an overnight rate of 13% percent. This was a rise of about 1.5 percentage points from last week.

Olivetti Says Sales Up 23.8% in 1st Half

From Agency Dispatches IVREA, Italy --- Olivetti said Monday that consolidated group sales rose 23.8 percent, to 1.19 trillion lire (\$985 million), in the first half of 1981 from the first half of 1980.

Parent company turnover rose 26.6 percent, to 659 billion lire, in the same period. The board said that profits for both the parent company and the group were "considerably" higher than in the first half of 1980.

Ford Plans Major European Investment AP-Dow Jones

PARIS - Ford Motor will invest the equivalent of 5 billion French francs (\$867 million) in its European factories over the next five years, Rudolph Boniface, president of Ford France, said Monday. He said Ford was satisfied with its European sales performance. The company's market share is 12.3 percent, up 8 percent from a year ago.

VW Will Not Close Triumph-Adler Plant

AP-Dow Jones BONN - Volkswagen has changed its plans to close a plant run by

one of its ailing divisions, despite a reported loss in the carmaker's sec-Triumph-Adler, an office machine maker owned by VW, said Monday that a plan to close its Frankfurt plant immediately with a loss of 2,800 jobs has been dropped. Instead, the company will maintain the plant, although cutting 1,600 jobs at the plant over the next 18 months and a further 700 jobs elsewhere in West Germany.

Siemens Forms Industrial Robot Company

MUNICH — Siemens, West Germany's largest electrical and electronies group in sales, has established a new subsidiary company for the development, production and sales of industrial robots.

The company will be called Mantec Gesellschaft fuer Automatisierungs und Handhabungsysteme, Siemens said. The robots offered by Mantee will perform industrial assembly functions and operate machine tools, according to the company.

ITT in Talks on Sale of Subsidiary

NEW YORK — International Telephone & Telegraph said Monday that talks are being held with a number of companies for the possible sale of ITT Rayonier, a forest products subsidiary with 1980 sales of

U.S. Steel Prices Face European Challenge

NEW YORK - A top Common Market official is expected to press the Commerce Department this week to let European producers sell steel in the United States at prices below the official import, or

trigger, price.
Many industry and government cources believe Viscount Etienne Davignon, industrial commissioner of the European Economic Community, will argue that the currency markets' trend has made in practible for Europeans to sell a practible for Europeans to sell. it possible for Europeans to sell steel in the United States more

The struggle over trigger prices has become increasingly heated in the past two months. The Europeans are flatly challenging the trigger price mechanism, the Americans are scrambling to compete with the Europeans in a declining steel market and the Japa-nese are threatening retaliation if the Europeans get special consid-

U.S. steel executives are not willing to say that the trigger price should be lowered, but there is some feeling among industry and

Swiss Trade Deficit Widens Last Month

BERN - Switzerland's trade deficit widened to 990.6 million francs (\$480.5 million) in August from 506.6 million francs in July, the federal government said Monday. Io Acquest last year the deficit was 1.01 billion francs.

Imports were 4.52 billion francs in August, while exports were 3.53 billion francs, the office said. In the first eight months, the trade deficit narrowed by 1.95 billion francs to 5.36 billion compared with the year-ago period.

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government sources that Mr. Da-vignon's proposals will be given sevignon's proposals will be given se-

"Everyone is saying that some-thing has to be done," said John Corey, manager of international analysis at Armoo, a major U.S. steel company. "The government is making a very credible effort to enforce trigger pricing. But, given what has heptened in the market, a hest effort isn't enough." a best effort isn't enough."

The trigger price was intended to prevent foreign producers from selling steel in the United States for less than its production cost. The trigger price is based on the production costs of Japanese steelmakers, generally accepted as the most efficient

The European producers con-tend, according to a Belgian ex-porter, that the strong dollar has lowered the price of steel in their home markets and has made it possible to sell steel in the United States at less than the trigger price.

Shipping Costs

One of the options being considered by the Commerce Department, according to a government source, is to give European steel producers a price concession on their transportation costs to the Great Lakes region.

Shipping expenses are calculat-ed on the basis of what it costs the Japanese; but shipping distances for the Europeans are shorter. Other proposals are to allow some European producers to sell at 5 percent under the trigger price or

simply to lower the trigger price for steel shipped into the Great Lakes region. U.S. producers, according to an industry source, contend that the Europeans are already selling steel at \$100 under the trigger price.

Most of the European steel pro-

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CURRENCY RATES Interbank exchange rates for Sept. 14, 1981, excluding bank service charges.

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DOLLAR (U.S.) 18,50% STERLING (5) 15,75%

He said that the Federal Reserve Board "is not suddenly going to reverse policy and threaten a new round of inflation," saying there will be "continuing and, I believe, win be continuing and, I occurred successful efforts to sustain money growth rates at non-inflationary levels on a steady basis, paving the way for steady declines in inflation Mr. Regan, in a third speech prepared for delivery in Chicago Monday night, said that financial realities have changed since the 1930s while many regulations from

Donald T. Regan

In a response to the current oil

glut, Indonesia last week lowered

its prices of six types of crude oil

was taken to prevent possible loss-

es and aimed at improving sales. Industry sources said inventories

of the affected crudes were "ex-

tremely high" and the price cuts

are expected to help move the

stockpiled oil.

Kuwait Says OPEC Trying To Unify Prices Informally

Mr. Weidenbaum also said there is evidence of "significant reduc-tions in interest rates in the past KUWAIT - OPEC countries in the federal funds rate from 19.9 percent in July to 16.5 percent last are discussing to unify prices after oil ministers failed to do so at emergency talks last month in Ge-maintained the price of its benchneva, Kuwait government spokes- mark Minas at \$35 a barrel.

Mr. Regan also rejected as "simplistic" suggestions that the markets are nervous about reports that the fiscal 1982 deficit will be

higher than projected by the ad-ministration.

that era, such as the Glass-Steagall

Act, have not. He said such regula-tions as Glass-Steagall, which bars

commercial banks from most areas

and interest rates."

factual evidence of moderation of He told reporters after a Cabinet meeting that "consultations are Mr. Regan, in a second speech in Michigan, chastised the finan-cial markets for overreacting to going on between OPEC members to discuss the possibility of unifying prices and ending the current weekly money supply reports from the Federal Reserve. divergences.

Kuwaiti Oil Minister Ali Khalifa al-Sabah said last week that he did not rule out the possibility of a special meeting of the Organiza-tion of Petroleum Exporting Countries before the next scheduled session in Abu Dhabi on Dec. 10.

Mr. Hussein, who did not mention any meetings, said he does not believe the present pricing differences threaten OPEC because member states are unanimous in their desire to keep it strong.

OPEC sources have said the consultations between members are aimed at reaching a compro-mise and if a deal were struck, OPEC might meet in special session ahead of the Abu Dhabi talks. In Jakarta, Indonesian Oil Minister Subroto, who is also OPEC president, welcomed moves for an inisterial meeting prior to the Abu Dhabi session.

He said such a meeting could pave the way for a successful Abu Dhabi conference.

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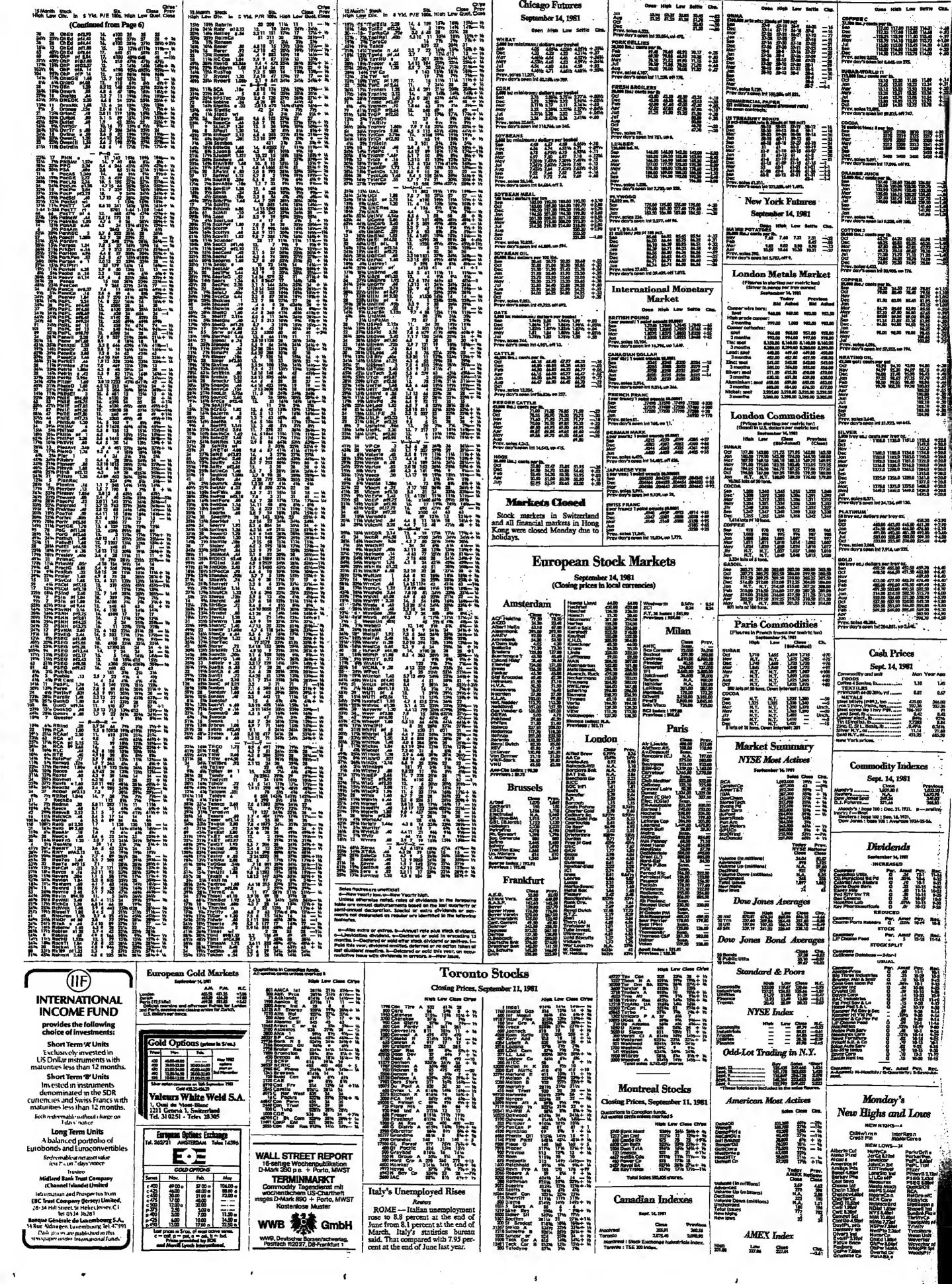
September 4, 1981

All of these securities have been sold. This announcement appears as a matter of record only.

NYSE Nationwide Trading Closing Prices Sept. 14

Tables include the nationwide prices up to the closing on Wall Street.

U.S. COMMODITY PRICES





AMEX Nationwide Trading Closing Prices Sept. 14. Tables include the nationwide prices up to the closing on Wall Street.

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FOR A RETURN

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Brokers in New York Upset by New OTC Stock System

(Continued from Page 19)

opment because the whole operation was organized around the tion was organized around the principle of bringing traders together in an auction market. The
over-the-counter market, in contrast, is based on securities firms
first buying the stock, then selling
from their inventories and profiting from the markup.

The expanded disclosure for
those 50 over-the-counter stocks

those 50 over-the-counter stocks will make the newspaper listings

COMPANY REPORTS

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Japan Mitsubishi Chemical Ind. 1st Half 1911 Revenus 36,410.0 20. Profits 2,320.0 T. Norway Shows Deficit After Surplus in July

OSLO - Norway's trade account, excluding ships, showed a preliminary 761-million-krooa (\$127.1-million) deficit in August compared with a 1.74-billion-krona surplus in July, the government

said.

The trade account in the first eight months of this year had a 19.23-billion-krona surplus up from home surplus in the a 3.26-billion-krona surplus in the same 1980 period.

19 19 19 163a 163b 163b 163b

and displays at about 65,000 electronic terminals similar to listings

for NYSE or Amex stocks. Some securities dealers worry that spreading information about latest trade prices will reduce their profits. But they realize that the greater disclosure could attract more traders and investors and in-

crease volume. The over-the-counter market in-cludes about 3,500 companies list-ed with the National Association of Securities Dealers Automated Quotations service. About 9,000 stocks are traded daily on the hasis of information published on so-called "pink sheets," Stock in about 20,000 other corporations that quality as over-the-counter

concerns is available, but is not priced or actively traded. Since Congress told the Securiuse and Exchange Commission in
1975 to develop a national market
system for stock trading, progress
has been slow. A trading tape for
over-the-counter stocks, with each
transaction reported within 90 seconds, is the latest, but not the last
step toward a truly national stock step toward a truly national stock market with a free flow of orders to wherever the best price is avail-

In principle, the firm approves of the idea of a national market system where trades would be executed automatically at the best prices, but this piecemeal ap-

Retail Sales in Britain Recovered in August

Reners

LONDON — British retail sales volume recovered in August with a 1.6-percent increase, after a 1.8-percent drop in July, to just below the level of sales in June, provisional Trade Department figures channel Monday

base 1976, was set at 111.5, com-pared with 109.7 in July and 111.7 in June.

showed Monday. The renail sales volume index.

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Floating Rate Notes Closing prices, Sept. 14, 1981 Banks

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proach is oot a oational system, and we don't like it," said the head of over-the-counter trading of one large securities firm.

The national securities market a computer that would match the myriad of orders from buying and selling brokerage houses naturally has little appeal to specialists on the floor of the New York Stock Exchange who now match buyers with sellers and try to maintain orderly conditions. The brokers say that the nuctiontype market has worked well and is a good way of determining the

price of securities. Critics of the existing system, however, say competition is stifled whenever buyers and sellers are prevented by exchange rules from matching their orders wherever they want.

Information is a valued com-modity. In the over-the-counter market, for example, some dealers do not like having to provide the compection with the price of their last trade, as well as their current bid and select price. bid and asked price.

In some ways, the complaint is an echo of that heard just before the installation of individual computer terminals, about 10 years ago. At that time dealers com-

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plained that spreading knowledge of price quotes would cut their profits by limiting the size of their

price mark-ups or mark-downs. Whether the terminals served to reduce profits is of little concern today. Trading volume in the overthe-couoter market, buoyed by growing tovestor interest in smaller growth stocks, has been growing at a 35 percent annual rate in the last five years, compared with 19 percent growth on the New York Stock Exchange. The terminals, it now seems, gave the over-the-counter market more legitimacy in the eyes of investors who became more confident that stock trades were priced fairly.

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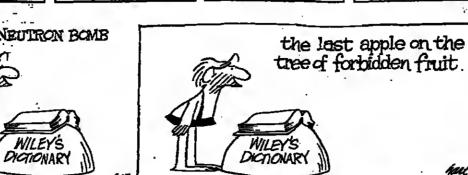
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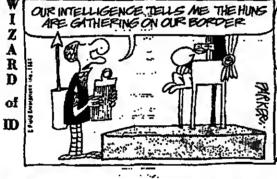




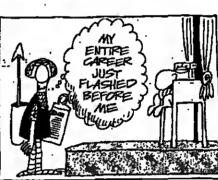




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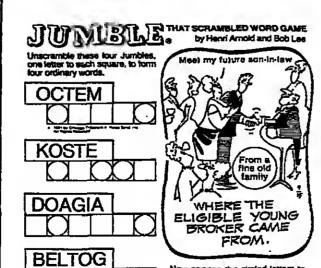








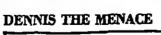




Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon. Print answer here:

(Answers tomorrow) Yesterday's Jumbles MOUNT GLUEY ASTHMA QUAINT Answer. Things that are sald are put between them"QUOTES"

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I GIVE HER A BAD TIME, SHE GIVES YOU A BAD TIME ... THAT'S THE WAY IT GOES."

BOOKS

THE GEOGRAPHY OF THE IMAGINATION By Guy Davemort: 384 pp. Cloth \$20. Paper \$10.

ECLOGUES

By Guy Davenport 238 pp. Cloth. \$15. Paper \$7.50. North Point Press, 850 Talbot Avenue, Berkeley, Calif. 94706. Reviewed by Hilton Kramer

A S A MODE of literary discourse, criticism — when it is not simply opinion-mongering — tends to be shaped by the objects in which it takes the most intense and protracted inter-est. An ideal sympathy is established between the critic and the habits of vision to be found in the kind of poem or painting or other art work that most urgently engages his attention, and this sympathy — amounting at times to a passion — determines the very style of the critic's discourse. It also, of course, determines the limits

also, of course, determines the limits of the crinc's vision.

In the case of Gny Davenport, whose critical writings have now been collected in "The Geography of the Imagination," the principal shaping spirit is emphatically that of Erra Pound. Not only is Pound's poetry upheld as the fulcrum of the modernist achievement and his process. nist achievement and his prose esteemed as the fount of all critical wis-dom, but in other respects too — above all, in his fundamental outlook on modern civilization - Pound is embraced as a man to be admired and mind to be emulated; he is, m Davesport's opinion, the greatest aes-thetic mtelligence of the modern peri-

Now it takes a lot of talent and a lot of learning for a writer to live up to the standards of such a formidable model, and it should therefore be said straightaway that Davenport acquits himself remarkably well in meeting those standards. He certainly brings the requisite learning, discipline, sensibility and versatility to his many literary endeavors and is not to be confused with the multitude of cranks and ignoramuses who have somehow found in "The Cantos" a warrant for

their own misguided effusions.

Far from finding the sheer range of Pound's linguistic, historical and sesthetic interests in any way dannting, he has addressed himself to the variety of challenges with an impressive en-ergy and application.

ergy and application.

Thus, among the many subjects chacussed in "The Geography of the Imagination" are the writings of Homer, Walt Whitman, Edgar Allan Poe, Louis Agassiz, John Ruskin, Marianne Moore, Wallace Stevens, Osip Mandelstam, Gertrude Stein, James Joyce, Louis Zukofsky, Charles Olson, Endora Welty, and Pound, of course, as well as the paintings of Pavel Tchelitchew, the photographs of Ralph Engene Meatyard, and the music of Charles Ives, Much attention is given, too, to prehistoric art and to the scholarship that has focused on primitive and prehistoric culture. primitive and prehistoric culture.

This impassioned discipleship to Pound clearly brings many advantages to a mind as responsive and wellstocked as Davenport's, but I am afraid it also accounts for some of his less appealing articles of belief. He appears to share with the master an implacable hostility to modern society and a corollary myopia in the realm of politics. Sharing Pound's radical aestheticism, Davenport follows his lead in despising almost everything out the modern world except tistic accomplishments.

This, to say the least, places a cerains, to say the least, places a certain restriction on the range of Davenport's sympathies. Reading his essays, I am reminded of a passage in Edward Shils' new book "Fradition." "Modern culture," writes Shils, "is in some respects a titanic and deliberate effort to undo by technology, rationality and governmental policy the tionality and governmental policy the givenness of what came down from the past." This is precisely what writ-ers of the Poundian persuasion find intolerable in modern culture, and against which their every argument, allusion and creative endeavor is marshalled. That this "titanic and deliberate effort" may have brought certain benefits to mankind is never for a moment considered a serious possibility, for it is a proposition that ill ac-cords with a purely aesthetic view of experience.
What is yearned for as an alterna-

tive to the debacle of modernity (as it is thus thought to be) is the ethos of
"the ancient cultures," which are alleged to have possessed "critical tools
for analyzing reality" superior to ours.
What is to be valued in the 20th century is not so much what it has initiated as what it has rediscovered --- most especially the "renaissance of the ar-chaic" that has been pioneered by cer-tain artists, writers and scholars. It therefore follows that the figures to be admired, above all others in our time,

Solution to Previous Puzzle

are "the artists who were performing the great feat of swakening an archaic sense of the world." It is to them, described as "the whole Tribe of Dasdalns," and to their work that "The Geography of the Imagination" is de

Duly Modest

Davenport is, to be sure duly modest about what this exertion or behalf of the archaic has brought us Whether, indeed, the century's sense of the archaic served to alleviate our slicaation from what was once most familiar, or whether it put our alienation tion into even starker contrast to ages in which we romanically suppose man to have lived more harmoniously and congenially with his gods and with nature, it is too early to say," he writes. Yet he harbors no doubts about the ideal we should set for our selves. "The nearest model for a world." totally alive was the archaic era of our own culture, pre-Aristotelian Greece and Rome," which is much to be preferred, one gathers, to the world in which "the railroad tracks went down and the factories up" and "our sciences began to explain the mechanics of everything and the nature of noth-

What in fact seems to be the case is that this whole romance of the archaic is an elaborately constructed preserve for exercising the ruminative powers of the literary mind, and bears little, if any, relation to the actualities of life in those covered "ancient cultures." In this respect, certainly, Davenport remains completely faithful to the spirit of "The Cantos," in which history is constantly being manipulated to serve the purpose of image, ideology and

As a writer of short stories he is, in a way, even more of a sectarian than he is as a critic. In his first book of fiction, "Tatlin!," published seven years ago, Davenport created a mode of fiction that, despite its obvious debt to Pound, was highly original. debt to Pound, was highly original --stories constructed along the lines of a
pictorial collage that were part historical fable, part learned essay, part lyric
idyll. Densely written, studded with
esoteric allosions, an unfamiliar vocabulary and quotations from many
languages, and often obscure in the
actions they depict, these stories defimitely qualified as a species of "daedalian art," carefully concealing
meanings that had to be painstakingly
"searched out," "searched out."

Learned and Obscure Idylls

As its title suggests, the fiction in "Eclogues" is yet another parcel of learned and obscure idylls. Whether these stories are set in antiquity or in the modern world, however, what occars in them is often difficult to follow — until, that is, the inevitable cast of young willing, beautifully endowed male characters in the "modern" stories begin to peel off their jeans or some other item of "vestiary sensuality" as a prelude to a sexual frolic.

The sexual parti pris that governs the evocation of the archaic in this fiction is anything but obscure. In "The Death of Picasso." a middle-aged male scholar sequesters himself on a European island in the company of a young man who has had a history of sexual delinquency. After various vicissitudes, none of them interesting, the young man offers himself to the older man, and the latter is moved to declare his love: "But I love you just so, liefje Sander, charmingly naked and good natured. You keep my imag-ination alive. You've helped me write, my book, you have beguiled all our in the book, you have beginned all our sime here into a kind of ancient ambisance, Damon the old shepherd I. Mopsus the young shepherd you, full of piss and vinegar."

In "On Some Lines of Virgil," the longest of the stories in "Eclogues,"

something of the flavor of the writing and of the action, may be discerned in the following passage, which recounts a sexual pas de quatre involving three-boys and a girl:

"Michel remarked of my cantered". sex and tight scromm that interest mounts, and crawled over to a dubious Victor to roll him into an armclasp, snuggle his chin, navel, and piz-zle, each with a wiggly nudge of his nose and a gruntle, laughing and making a nasty face." It may be that one has to acquire a more learned appreciation of Virgil's Eclogues in order to get at the concealed meaning here, but I frankly doubt it.

What is sure is that Davenport's

stories will prove to be a boon to literary academics looking for new exam-ples of "daedalian art" to explicate. What a labor of research awaits them!

What a labor of research awaits them!

And what a comedy it is to find that

the destination that awaits us at the

end of this long descent into the ar
chaic is - the seminar room!

Hilton Kramer is chief art critic at The New York Times.

BRIDGE

AN average player in the East seat A might not see any problem on the deal when West leads the spade king against four hearts. He would au-tomatically play the four, asking for a continuation of the suit by concer the dence. And, as it turns out, he

the dence. And, as it turns out, he would be right.

But an expert will see a lurking danger. If South has a doubleton spade, further spade plays will establish the jack in dummy, and provide a discard for a possible chib loser in the closed hand. But there is also a denger in hand. But there is also a danger in playing the deuce as a discouraging move: If South has three spades, he may have a discard if the spades are not quickly cashed.

The hands South can have with three small spades and a potential dis-card outnumber those in which a spade continuation will help him. But it would take a few minutes to prove this, and East could only spare a few seconds. If he took a long time to make his choice, his partner would know why be was thinking and an ethical problem would be created.

East's experience told him that it was right to signal, and West continued spades to beat the contract. NORTH

_By Alan Truscott

₹109754 4A62 WEST (D) EAST ♣AK10 0 108762 ♦ A94 **4**394 ♣Q 109753 SOUTH **4**965 VAQJ92 ♦KQ53 East and West were vulnerable. The

Pass 40 Pass .

West led the spade king.

a backhand deep.

the opportunity lost.

The match improved in the piv-

otal third set. First the momentum

fourth game, ripping a backhand volley, then watching as McEnroe

chipped a forehand wide after a baseline rally. Frustrated, McEn-roe yelled "Oh, no" in disgust at

Borg served out the game, then

continued the pressure in the next

game. A deep return that set up an easy overhead got him to 30-30 and he followed with a backhand

winner, this one down the line as McEnroe lunged helplessly at it.

McEnroe took a deep breath, came

up with a serve down the middle and promptly botched Borg's weak return, netting a forehand volley. It was 3-2 for Borg and the

crowd was cheering him on. When he held for 4-2 with ease, McEnroe

appeared to be in trouble. But McEnroe played the next few games brilliantly.

Topspin Lobs

played as good a game as any seen here in the last two weeks to get

the break back. He hit a hard backhand crosscourt past a star-

uled Borg for 0-15. Borg got one back on a deep McEnroe fore-hand. It was a brief respite. McEn-

roe hit a perfect topspin lob six inches in, hit a perfect backhand

passing shot, and came up with another incredible topspin lob, this

one on the run after Borg had fol-

McEnroe beld serve with three

first serves and an ace for a 5-4 lead. Quiekly be had Borg down.

15-30, with a forehand voiley and

another running forehand winner down the line. When Borg

punched a foreband approach

long, it was double set point.

Borg climbed out of that with a

screeching backhand and service winner. But McEnroe placed a backhand in the corner where Borg

could only hit it wide and followed

with his inside-out forehand again

to set up a sitter forehand volley

McEnroe was flying now, his be-havior impeccable, his game bet-ter. In the fourth game of the

Smith Double in Doubles

New York Times Service

NEW YORK — Anne Smith shared two U.S. Open doubles ti-tles, teaming with Kevin Curren

for a 6-3, 7-6 victory to the mixed

for the set 6-4.

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lowed a first serve to net.

He held at 30 for 4-3 and then



A CONTROL OF THE STATE OF THE S

Macayanoy

French C

Bjorn Borg pansing to muse in the fourth set, with defeat near.

McEnroe Beats Borg for U.S. Crown

By John Feinstein

Washington Post Service
NEW YORK — John McEnroe won his third straight U.S. Open title Sunday, defeating Bjorn Borg, 4-6, 6-2, 6-4, 6-3, in the final. It was the fourth time in six years that Borg had lost the final of this tournament. He has failed to win the U.S. Open in 10 attempts.

It was also the third straight mafor final that McEnroe has won from Borg. He won here last year and at Wimbledon this summer. McEnroe took control of the match midway through the third set, rallying from 4-2 down to win the set, breaking Borg's serve

After the two players traded breaks in the fourth set, McEnroe broke for a 4-2 lead after Borg made two unforced errors at 30-all Borg saved two match points serv-ing at 2-5 and won that game, but McEnroe served out the match at 15, ending the tournament when Borg punched a hard first serve

Explosive Start

The victory was worth \$66,000 McEnroe; Borg collected

\$33,000. McEnroe started the match explosively, winning his first three service games with the loss of just one point, getting his first serve in consistently. Borg was struggling twice going to deuce in his first three serving games but nevertheless coming through each time.

The players reached 3-3 on serve. Abruptly the tone of the match changed as McEnroe served badly

and got no help from any other fa-cet of his game. Borg broke him at love, thanks to a forehand that

ting the exact same shot on break fourth set, he broke Borg getting point that he had hit for his first break, the inside-out forehand for ically hit an easy forehand wide. love, thanks to a forehand that McEnroe pushed deep, two botched volleys and a clean forehand winner by Borg for the game.

Borg then held easily at 15 and immediately had McEnroe at triple set point in the next game after McEnroe double-faulted and butchered an overhead. But Borg pushed two second serves deep, and McEnroe finally came up with a first serve to reach desce and get out of the game when Borg hit a backhand wide.

The reprieve was only temporary as Borg served out the set with a strong game, ending with a running forehand winner and a hard first serve down the middle that McEnroe hit deep.

Escape Artist

It was the first time in four Open finals that Borg had won the first set. But McEnroe is not a player who flinches after a poor start. In the second game of the second set, he finally broke Borg with two gorgeous shots at 30-all.

Then McEnroe went iolo the escape-artist act that enabled him to survive his five-set semifinal against Vitas Gerulaitis. In the next game, Borg quickly got to 15-40 when McEnroe pushed an easy volley long. The next point was a long one, rare in that neither player came in. Finally Borg slapped a backhand long. McEnroe came up with a good first serve and got out of the trap to lead, 3-0.

He built himself a cushion by breaking Borg for a 5-1 lead, hit-

Red Sox Fall To Guidry's the boards with checks and controlled the puck for most of the period. It was to no avail, mainly belosophizing in the somber Team cause of Tretyak. Canada dressing room after the The Canadians kept up the pres-**Hot Yankees**

From Agency Dispatches NEW YORK — Ron Guidry won his seventh game in a row as the Yankees trounced the Red Sox

Willie Randolph's three runs batted in, plus home runs by Dave Winfield and Bob Watson, let the Yankee left-hander retire with a comfortable lead after five innings.

Tigers 8, Indians 6

In Detroit: Rick Peters singled home the tie-breaking run in the sixth inning and Kirk Gibson followed with a two-run, pop-fly dou-ble to key a four-run burst with which the Tigers beat Cleveland, 8-6, for a three-game series sweep. Milt Wilcox won his 10th game.

In Bloomington, Minn., pinch hitter Kent Hrebek elimaxed a foor-run rally in the minth with a two-rum single that gave Minneso-ta its sixth victory in a row and a 7-6 triumph over Chicago.

Twins 7, White Sox 6

Royals 6, A's 5

In Oakland, Willie Wilson's bloop single scored Cesar Geronimo from second with two out in the top of the 12th to break a 5-5 tie and give Kansas City a 6-5 victory over the A's, who had tied the game in the eighth.

Angels 8, Rangers 7 In Anabeim, Calif., Juan Beniquez lifted a sacrifice fly to score Dan Ford in the 12th as California ended an eight-game losing streak

with an 8-7 defeat of Texas. Brewers 5, Orioles 0 In Milwaukee, Ben Oglivie keyed a four-run fourth-inning with a two-rum single and Pete Vuckovich, Jamie Easterly and

Bob McClure combined for a six-

hit shutout, leading the Brewers to \$5-0 victory over Baltimore. Dodgers 4, Reds 2 In the National League, in Cin cinnati, Dusty Baker homered in the second and Rick Monday sin-

gled home the tie-breaking run in the fourth to pace the Los Angeles Dodgers to a 4-2 triumph over the

Reds. Cincinnati scored in the first when Ken Griffey and Dave Concepcion singled and third baseman Pedro Guerrero committed an er-ror, but Baker's bomer in the second tied it at 1-1. The Dodgers went ahead, 2-1, and added two runs in the seventh to finish starter Frank Pastore (3-7).

Expos 10, Cubs 6

In Chicago, Andre Dawson and Larry Parrish drove in three runs apiece for Montreal as the Expos beat the Cubs, 10-6. Tim Wallach's fourth homer leading off the third gave the Expos a 3-0 lead, and runscoring singles by Dawson and Parrish increased it to 5-0 in the fifth and pinned the loss on Mike

Cardinals 4. Mets 2

In St. Louis, relief pitcher Jesse Orosco balked Tito Landrum home from third base in the sixth inning to snap a 2-2 tie, and the Cardinals went on to bear New

Pirates 3, Phillies 2

In Pittsburgh, a pinch single by Jason Thompson drove bome two runs in the eighth as Pittsburgh beat Philadelphia, 3-2. Omat Moreno began the rally with one out when he was safe on an error by shortstop Larry Bowa.

Padres 6, Braves 4 In Atlanta, Juan Bonilla singled

and Luis Salazar added a two-run triple in the 10th inning as San Di-ego beat the Braves, 6-4. Astres 3, Giants 6

In Houston, Craig Reynolds scored a run and drove in another with an infield hit to support the combined nine-hit pitching of Bob Knepper and Frank LaCorte, as the Astros blanked San Francisco, 3-0. The victory was Houston's

ically hit an easy forehand wide. McEnroe then hit another forea clean winner off a second serve. That break proved crucial when hand this one crosscourt and he McEnroe got sloppy in the next game, double-faulting to 30-40 and was up. 3-1, needing only to hold

serve to win the match.

losing the game when Borg ran down a MeEnroe volley and kept the ball in play until McEnroe hit Borg did not quit. He broke back, aided by McEnroe, who apparently thought his break ended the match. Borg oailed a volley for 15-30 and McEnroe double-faulted for 15-40 and hit a forehand long tilted toward Borg as he seemed to get a grip on things. He came out of a 15-40 hammerlock in the for the game,

But, inexplicably, Borg played the oext game as sloppily as he has ever played a vital game in his life. He netted a forehand volley and hit a forehand way long for 0-30. He came back to 30-all and then hit two easy backhands long, unneeded, giving McEnroe the break

2, he was just one game away from frustrating Borg yet again in this tournament and becoming the first player to win this title in three straight years since Bill Tilden won six straight in the 1920s.

forced errors when they were least When McEnroe held to lead, 5-

John McEnroe with his U.S. Open trophy after beating Borg.



The Crowd's Favorite Was Gone

By George Vecsey
New York Times Service

NEW YORK - "Where did he go?" a tournament official asked, scurrying through a tunnel underneath the National Tennis Center Sunday night on a search

for Bjorn Borg.

After the 2-hour-40-minute final, Borg skipped the traditional award ceremonies and postmatch news conference. He disappeared after his last shot lofted over the baseline. His coach and constant companion, Lennart Bergelin, moved quickly through the crowd and down a passageway.

The two men met under the stands and moved rapidly through corridors. In the plaza area near the scoreboard fans turned and gaped at the Swedish pair striding quickly in the company of security agents. The entourage moved through a hall, up some stairs and through a door of the players' locker room.

A sign said: "No Press Sunday."

The crowd of 18.804 was oot told why Borg

skipped the ceremonies. On the court, John McEnroe was making a gracious speech. Bjorn Borg was not talking. He was moving out.

The door closed to the locker room. Four plain-clothes officers from the Queens Task Force stood outside the door. Another officer called out, "Bring

This was the way Bjorn Borg's 1981 U.S. Open ended: in shock and perhaps in fear, At a quarter to five, while Borg was winning the first set — the only set he would win — a death threat had been received at the switchboard of the tennis center. Borg had received a threat on Saturday but was not informed until after his victory over Jimmy Con-nors. Sunday he probably did not learn of the threat until after the match. A tournament official said no-

body on the committee told either Bergelin or Borg during the match, and nobody was seen talking to Borg during it.

While Borg was out on the court, alone with John
McEnroe, a few hard-eyed men scattered around the

portals, paying no attention to the action but scan-

None of this newest commotion may have affected Bjorn Borg, six times the champion in Paris, five

ple like John Newcombe or light up the crowd with a smile like Manuel Orantes. Or win fans with his sensitivity like Guillermo Vilas, or inflame emotions like Jimmy Connors and John McEnroe. But he has

played superbly and lived as a gentleman.
In the hometown of John McEnroe, the vast majority of fans were pulling for Borg. In this disco age, New York fans more often chant vulgarities at visit-ing sportsmen, hut a superb Swedish tennis player

loog ago won them over.

Most fans wanted Borg to win one American title. McEnroe was on his best behavior and playing well,

so there was little to boo. The crowd clapped when McEnroe slammed a ball into the oet after being broken in the fifth game of the third set.

But Bjorn Borg could not beat John McEnroe. After their emotional confrontations here and at Wim-

bledon in the past, Sunday's match was quick, decisive and a hit sad. If Borg has oot won the U.S. Open in 10 trips to New York, perhaps he may never do it.

He may have been thinking that as the plainclothes officers led the way down a hack stairway. The most successful tennis player in the world for much of the past decade was escorted past greasy puddles from the kitchen. His hair was still wet from the shower. At one particularly greasy corner, he pointed to warn Bergelin oot to slip.

Borg 'A Great Champion'

NEW YORK - "Td like to join in commiserating with Bjorn because he's a great champion," McEnroe said to the crowd as he accepted the winner's trophy. "I think be's going to win this damn tournament some day, but hopefully oot when I'm here."

"I don't think be was really sure what he was doing," McEnroe said later. "He'd come in [to the net] and then wasn't really sure whether he should have or ooL

"He played a great first set but then for some rea-son be seemed to let up," McEnroe said. "I was really surprised by the way he tried to play today. He didn't seem to know what he wanted to do a lot. He didn't play his game today."

oe bad firmly established yer in the game. Time for a little bit," be said. "But e to go on."

final and returning with Jordan to beat Rosie Casa Wendy Turnbull in the we doubles final, 6-3, 6-3.	ls and mental favorite for omen's here. In all his 10 vis	at Wimbledon, and the sen most fans at the tennis cent sits to the Open, perhaps he dike Ilie Nastase or charm pe	er himself as the No. 1 p id celebration? "Maybe for	nroe bad firmly established player in the game. Time for or a little bit," be said. "But have to go on."
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ix previous contests in the tournawiet team, once in an exhibition game anymore." The Canadians, led by the line of Guy Lafleur, Wayne Gretzky : sme and again in the round-robin reliminaries. But after a scoreless :- sst period, the Soviet skaters

Soviet Union Humbles Canada in Hockey

Louis Blues, the NHL's top-ranked goaltender.

There were tears and lots of phi-

Bills Smother Colts' Offense in 35-3 Rout

ew for four touchdowns and 1 yards and Buffalo's fierce dese bottled up the Colt running ack as the Bills rampaged to a -3 rout Sunday night. erguson threw scoring strikes 33. 6, 54 and 3 yards and Ro-

By Parton Keese

New York Times Service

MONTREAL - The Soviet Un-

on whipped Canada, 8-1, Sunday

night to win the Canada Cup hock-in tournament. Vladislav Tretyak, he goaltender, blocked 26 of 27

hots and Sergei Shepelev scored hee goals and Igor Lanonov two

Canada had not lost a game in

or the winners.

d Hooks ran five yards for the er touchdown. Buffalo amassed total yards to only 197 for the

Chargers 28, Lious 23

... 'a San Diego, Detroit dominathe Chargers as few teams have - e in recent years, keeping posion for 38:19 to San Diego's. il. but a two-yard touchdown by John Cappelletti with 56 ands left lifted the Chargers to bry, 28-23. "It seemed like they

nada Plans to Start tional Sports Pool

Unised Press Interno TAWA — The Canadian gov ent will soon introduce legisn to set up a national sports - to fund amateur sport, arts culture programs, medical re-h and major sports events as future Olympics, federal 's Minister Gerald Regan said izy. He estimated that the would not about \$50 million

told a news conference that ool system will be similar to ools in Britain. With tickets 1 between \$1 and \$2, the will predict the outcome of a match in advance of the What sports teams will be red has oot yet been deter-

FL Standings



Sunday's Major League Line Scores

٠.	
•	AMERICAN LEAGUE
•	d 000 202 011-4 8 2
	000 204 70x 8 17 0
•	
100	W. Monne (6) and Diaz, Hassey (8); Wil-
	rcier (8), Tobik (8), Kinney (9), Roth-
٠٠.	
	7) and Fahey. W- Wilcox, 10-7. L-
	24
	800 362 367 4 1] 0
- 4	k 040 410 10x-10 12 0
_	2 Aponto (21, Tudor (3), Crawdord (6),
	& and Allenson; Guidry, Frazier (5),
	1, LaRoche (9) anná Carone, W-Gui-
	. L-Tonono, 3-9. HRs-Boston, Perez,
	York, Winfield (16), Watson (4).
9	110 201 010-4 25 2
,	
	a 101 000 014-7 12 D
	Former (6), Hickey (9), Hoyt (9) and
	(iii (8), Fisk (9); Cooper, Veselic (6)
	iner. W-Vesalic, 1-0, L-Hickey, 0-2.
	2000, Morrison (A).
	c 000 000 000-0 4 0
	re 860 400 10a-5 8 0
٠.	Schnelder (4), Luebber (5), Steddard
	Juliana, Damanese (3): Videnciela, Fritz-

L—Stone, 44.

000 014 daz 000—7 11 0

460 201 800 900—8 12 1

L Mattrock (4), Schmidt (4), Butcher (7),

11 ond Sundaers; Witt, Ause (6), Hasspotterson (9), Renko (19) and 07, W
4. L—Comer, P-2. HR9—California, Bov"rich (18), Benleusz (2).

(ty. 114 182 000 001—4 17 0

901 000 318 000—5 14 1

Guisenberry (7), Spittert (10) and
AcCathy, Jones (7), Underwood (17);

11 and Heath, W—Spittert, 4-6. L—

ball and that's all there was to it." In San Francisco, Chicago's Walter Payton rushed for 97 yards,

NATIONAL LEAGUE Kahaulua, Urrea (8), Littlefield (7), Lucas (7),

me (10), Show (10) and Gwasdz, Kenned Williams, Garber (9), Comp (10), Hrat 010 100 200-4 6 4 100 000 010-2 8 0 Las Angeles Weich, Costillo (5), Forster (8), Stewart (8) and Sciencia; Postore LaCoss (7), Hunte (9) and OrBerry, Nolan (7). W—Costillo, 2-L. L.—Postore, 3-J. HRs—Las Angeles, Boker (4). Cincinnati, Oester (4).

Name York 000 925 000—2 0 4
St Louis 200 001 01x-4 6 1
Lynch, Lauch (S), Orosco (s), and Trevino.
Hodges (B); Andujar, Bair (7), Suffer (o) and
Sanchez, Tenoce (7). W. Andujar, S-4, L. Leoch,
1-1. ruhom, Damessy (8); Yukovich, Ecsi-McClura (9) and Simmons, W—Yukoon, Smith (6), Fryman (4) and Carter

Springerson, Schmitt (a), Frygran VV and Carver, Kruiczev, Hewell (3), Smith (6). Tidrow (6). Equivolet (7), Smith (6). Tidrow (6). Equivolet (7), Smith (6). Tidrow (6). Equivolet (7), Smith (6). Tidrow, 4-9. His-maturial, Wolford, (6). Chicago, Hos (1), Opy (6). Sin Francisco off off 900-0 9 1 Houghton (1), Smith (1)

failed to capitalize on all our opportunities. Then they got a lead,
and that changed things around.
When you're behind, you can't
make the other team play your lor Islander Mike Bossy and tied the score at 8 minutes 2 seconds. After that, the Soviet team took Shepeley scored the next three goals, two in the second period

and Marcel Dionne, dominated the game in the first period. Hold-

Comboys 30, Cardinals 17

In 120-degree heat on the field

nals seven straight times.

Eagles 13, Patriots 3

In Philadelphia, kicker Tony Franklin and fullback Perry Har-

rington, who had been under criti-

cism from coach Dick Vermeil, led

the Eagles to a 13-3 defeat of New

England, Franklin, who had drawn

49ers 28, Bears 17

sure in the second period until Larionov got clear in the slot and scored the first goal by poking the puck past List, who was screened. game. "It was a one-game shot for the Cup," argued Larry Robinson, the defensemen from the Montreal Canadiens, "and the story is, we Then Gillies took a pass from fel-

inst period, the Soviet skaters and Marcel Diomic, dominated came a mort-nanded goal by viadings one for Canada — by Clark ing the Soviet team to no shots on
illies of the New York-Islanders goal for nearly 12½ minutes, they and the final goal by Aleksandr
leaguered Mike Lint of the St. knocked their rivals spinning off
to say the least," said Lint.

and one to start the third. Then came a short-handed goal by Vla-

had the ball all the time," said a putting him 33 yards behind for-ALTIMORE - Joe Ferguson relieved Don Coryell, San Diego's mer Green Bay star Jim Taylor, the fourth-leading rusher in NFL history. But Payton lost two criti-

cal fumbles, one at the 49ers' two-

vard line. The 49ers took advan-

in Irving Texas, Ron Springs tage of Payton's mishaps and rode scored three times on short runs-for Dallas, Rafael Septien kicked Joe Montana's three touchdown passes to victory, 28-17. three field goals and Tony Dorsett In other games Sunday, New carried 16 times for 129 yards, as Dallas whipped St. Louis, 30-17. Orleans upset Los Angeles, 23-17, Houston downed Cleveland, 9-3, Atlanta railied to beat Green Bay, The Cowhovs have won 11 consecutive regular season games at 31-17, Kansas City beat Tampa Bay, 19-10, and the New York Gihome and have beaten the Cardiants beat Washington, 17-7. On Thursday Miami tronuced Pitts-burgh, 30-10. Oakland was playing

Minnesota Monday night.

NFL Standings

AMERICAN CONFERENCE

Vermeil's wrath because of his life-	. 15	ostera Divis	See.			
style, kicked field goals of 46 and		W	LT	Pct.	PF ·	FA
	Buttole			1.000	44	1
22 yards. Harrington, criticized for	Adjumi	_	-	1,000	50	
poor blocking and inconsistent	Baltimare	•	1 •	500	12	6
pass receiving, ran six yards for the	New England		20	.000	30	
Eagles' only touchdown.	N.Y. Jets	entral Divisi		.400	30	62
	Necestori'			1,000	34	23
Seahawks 13, Broncos 10	Cincinnati			1.000	38	51
* 1- C she of 59 512	Cleveland		2 0		17	53
. In Scattle, the crowd of 58,513		-	2 0		42	67
exulted as if the Seahawks had		estern Divis				_
won the Super Bowl when they got	Kenags City			1.000	54 72	43
their first victory at home since	San Diego Seattle	_		. 500	. "	37
1979 by edging out Denver, 13-10.	Denver	-	1 0	.000	17	20
A 22 amed Gold good by Efren Wes	Oakland	Ď	1 0	200	7	,
A 22-yard field goal by Efren Her-	MATIO	AL CONFE				
rera in the third quarter provided		sters Divis				
the margin to end a 10-game Seat-	Philodelphic			1,000	37	13
tle losing streak.	Dolles			1.000	56	Z
	N.Y. Glorda		1 0		37	
Bengals 31, Jets 30	St. Louis		2 D		24	50
In New York, a three-yard scor-	Westlington		2 D	200	17	43
ing pass from Ken Anderson to		entred Divid			_	
the pass from Ken Anacison to	Detroit		1 0	.500	D	
Archie Griffin and a 12-yard	Green 807 Tompo 807		i .	.500		23
touchdown run by Mike St. Claire	Minnesof0		i 0	200		21
with a recovered fumble within a	Chicago		2 0	.000	24	44
31-second span late in the fourth	W	stern Divisi	40			
period lifted Cincinnati to a 31-30	Atlanta			1,000		.17
victory over the Jets.	Son Francisco				45	
Richard Todd threw three scor-	New Orleans		2 0	.500	23	
Commit Todd thew thee son-	Los Angeles	onday's Gan		.000	34	
ing passes — two to Jerome Bar-	Oakland at Mine		_			
kum — but lost the critical fumble						
at the end after being hit by Ross		•				
Browner. "Ross made the play,"	Renner W	ing Col	E C	Jas	sic	
said St. Claire. "He put the pres-						
sure on Todd. He sacked him. He		Press Inter				
forced the freeble I was con the	SUTTON.	Mass	Ja	ck R	enr	c

Renner Wins Golf Classic United Press Intertu

SUTTON, Mass. - Jack Renner shot a two-under-par 69, capping a stretch of 52 consecutive boles of even-par golf or better, and posted a two-shot victory Sunday in the Pleasant Valley Classic.

Major League Standings

· AMEI	RICAN LE	AQU E			
	East			GE	
	W 22	I)	PCL,	-	
Detroit		14	_576	3	
New York	17 20	12	571	3	1
Milwouker .	18	12	545	. i	1
Balilmore	17	12	-20	41/2	-
Cleveland	17	18	.484	6.	
. Toronto · ·	15	14	.444	4	-
- I be negn	diest		~	•	1
	15	15	.545	_	
Konsos City	15	16	.44	2	
Ookland	16	75	<i>A</i> 5	· 7/2	
Minnesota	14	17	.452	2	
Textos	13	26	394	5	
Chicogo .			394	š	1
Seattle	ij	20	307	5	-
California	12	19		•	3
MATE	ONAL LE	IGUE			- 1
	E-011				,
	w	1,	PCL.	GB	•
St. Louis	.13	12	,600	_	
Montreal	16	15	.576	21/2	
Chicago	. 16	17	A15	314	
New York	15	18	,455	41/2	
Philodelphia	Î.	77	A06	4	
Pirtsburgh	14	27	,400	472	
	W/EST				
Houston	. 22	11	167	_	- 3
Los Angeles	- 19	14	576	3	- 3
Ationto	. 14	14	.563	372	1
Cincinneti	17	18	_531	41/2	-
San Francisco	17	15	531	472	1
San Olego.	10	24	-294	121/2	Į.

home pinch runner Mario Ramirez Ith in a row at home.

The second secon

Art Buchwald

The Friendly Skies

diminate dues and towns from their schodules, the clack is being taken up by tiny, straggling com-

What makes this exhiting is that the new utines are fiving every-trung from World War II DC-1s to

little planes that sum no more than six passengers at one time. The planes have none of the frills of a Boeing or a Lockneed je:a sense of adverture about flying one that makes

Lockheed jet-liner, but there is Buchwald you think you're

in a time warp, and part of the ear-iv days of flight, before they had flight attendants and in-flight

We have such an airline oo Marthat's Vineyard which provides service between the Vineyard, Bostoo and New York. Every trip off and on the island is an experience that none of the major airtines can pro-

My friend Peter Stone took me to the airport for a flight to Boston. Since we both had flown the route before, we discussed it as if he were Spencer Tracy and I was Clark Gable.

"I'll take the flight, and you marry Jane," he said.
"No," I told him. "Fit take the flight and you marry Jane. She really loves you.

How do you know?" he asked. Because she begged me not to let you take the flight." "Why didn't she say something

"Because she was afraid you'd do something stupid like knock me out, and then take the flight so we

could get married." Okay, you take the flight and I'll marry Jane, If the marriage doesn't work out, I'll take the next flight and you marry her if I doo't make it."

When we got to the airport, I checked in my luggage. The man behind the counter was wearing a sharp blue uniform with four surpes on it.

You counter people have snappy uniforms." I said. "What do you mean counter people," he said. "I'm the pilot."

He weighed my haggage and then he asked me how much I weighed. I lied and said 190. He wrote

down 200. People always lie by 10 pounds, he said. Then he gave me a boarding card, "The heavy peo-ple will sit up froot — the lighter coes in the back of the plane.

As dight time approached I stood outside with Stooe. Suddenly Jane drove up. "Tve changed my mind." she said, throwing her arms around me. "I want Peter to take the flight and I want to marry

We went back inside but the oi-lot said it was too late. He had to load the luggage oo the plane. He picked up his microphone and said. Cumulus Airlines' Flight 1786 is now boarding for Boston with intermediate stops in Hyannisport, Provincetown and Woods Hole."

"But," f protested, "there are eight of as already, and with two pilots that makes 10. Why do we have to stop?

"Who said anything about two pilots" he replied, "We have room for one more passenger in the co-pilot's seat, and we may get lucky and pick up ooe at an intermediate

"Look." I said to Peter, "you take my place and I'll marry Jane."
"Are you crazy?" Peter said. "If you make it to Boston you can marry anybody you want."

The passengers walked toward the tiny plane and before climbing the two steps, the pilot took our boarding passes. Then he crawled in behind us, closed the door and

crawled down to his seat. "Welcome to Cumulus Air-lines," he said, "On behalf of the entire crew we hope you have an enjoyable flight. Government regulations require me to tell you in the unlikely event of any trouble your seat is your flotation jacket, so please doo't forget it when going out the emergency exit door, which is the same door you came in.

The pilot got out of the plane. turned both propellers by hand, returned to the plane, and then we were barreling down the runway.

I looked out the tiny window of the plane and saw Peter and Jane waving. This didn't shake me. What shock me was that the pilot took his hands off the throttle and was waving back.

C 1951, Les Angeles Times Similaire

A Kabuki *Onnagata*

Tamasaburo Bando Specializes in Female Roles

Beheaded at 7

debut playing a child whose head

He was delighted. "It was like a dream. I woke up every day thinking bow wooderful. I can

As a teen-ager he moved into the Morita home and decided

upon his course as an onnagata.

A child can play both male and

female roles, but the young actor

must decide according his special

talents and by the way his voice

and body develop which role to

play; that of tachiyaku, male per-

former, or onnagata Bando is

slender and tall: his natural voice

is pleasantly husky, a nice change from the high-pitched, stylized tone he uses in Kahuki. His face,

which seems as pert and guileless

as a 12-year-old's, is completely

transformed by Kaouki make-up.

He applies white paint to his face and neck with a wide hrush. An

attendant paints his back, remov-

ing four acupuncture needles

from beoeath his shoulder

hlades. The strain of acting in a Shimpa role, in which he uses his

back effectively, is relieved at

night hy applying the oeedles, which are then removed before

His View of Women

women is that they can be com-

pletely different according to the

situation. They doo't fit into a ra-

tional pattern. They are more

oatural than men, more confi-dent, more hasic, Women are like

trees. They act like something

that springs from the earth. What

I do with the entity woman is

take off just a corner of it and

guage. Within a fixed and formal

"Acting is a frame like a lan-

give it form.

"The interesting thing about

his oext performance.

perform again today."

At 7 Bando made his Kahuki

By Christine Chapman nel Herald Tribune

TOKYO — As a young man, Tamasahuro Bando is a charmer — boyish and frank, As a woman, he is beautiful and seductive, capable of intense passion and cold-blooded murder. Tamasahuro, as the Japanese call him, is the country's most popular onnagata, a Kabuki actor who plays female roles oo stage. In Japan's favorite dramatic art the roles of women have been played hy adult men since 1652 when the eroocism of women performing on stage, and later of young boys, was considered a threat to public morals.

"Acting is always going to be somewhat immoral," explained Bando in his dressing room at Kahuki-za, the Tukyo home of Kabuki. "The stage is where people throw all their immoral wishes and the actor is a deliverer who allows the audience to impose their immorality on him. If he can bring the audience to catharsis as, for example, in a seduction sceoe, that's perfec-

Western Roles Although only 31, Bando has played not only princesses and prostitutes in Kahuki and in Shimpa, the 19th-century melodrama; he has also in recent vears undertaken Western roles in translation. In 1976 he received great acclaim for his portrayal of Lady Macbeth, He has played Marguerite Gautier in the younger Dumas "La Dame aux camelias" and Desdemona. Of his stage appearances a Western writer said: "Ooe no looger thinks about what sex he is in real life."

Two years ago he appeared in his first film, a rather garish ver-sion of a Japanese legend, and he had a strong reaction to secion himself.

'I lust my appetite for about 10 days," he said. "Performing on the stage you can oever see yourself so you become puffed up with vanity. But, on the screen seeing yourself for the first time is a desperate mement.

Bando has been acting since he was 6. As a small child he studied traditional dance as therapy for a

mild case of polio and became a oatural world." stagestruck. In Japan the promi-oent Kahuki players come from a long family line of actors, hut Bando's parents did oot belong to the theater world. His mother managed a restaurant in subur-

han Tokyo. So when he was 6, he "Because for a man to play on-nagura is unnatural," he said. "I was adopted by the Morita theater family, with whom he was then studying dance, and they trained him in other disciplines of the profession.

Besides Garbo, the actor has also studied the style and tech-niques of Vivien Leigh and Mariiva Monroe.

for a certain type of woman, a woman who looks right with every man. She seems as if she wantcance, she — and every woman — carries within her a symbol of Maria, the Virgin Mary."

He admits without embarrassment that his vision of women is both romantic and idealistic.

Women are wonderful; men. I feel sorry for. Men are cut off from the great worldy base. They're terrified because there's oothing solid to hang on to."

structure it's possible to produce

Bando divides style in acting into two general classifications: that of huilding the character slowly and quietly to its climax or beginning with a smash and then practicing the art of acting.

gin on the quiet side in order to be convincing.
"One of the keys to acting a woman — and I've oever said much about this to the Japanese

press - is to preserve a feeling of vearning, to preserve this yearn-ing within myself. It was a quality of the great foreign actress Garbo." He referred to Garbo's Camille and admitted analyzing her performance for his own use. "How could I take her way, 1 woodered, and translate it into a Japanese style?"

"I used Monroe as a pattern ed to respond to anything a man asked of her. In a larger signifi-

Romantic and Idealistic

That's why I'm an onnageto

It is said in Japan that onnagata are more womanly than real women. They are the ideal models of Japanese feminity. And, on stage, these exquisitely charming ladies usually get their man. In one of his favorite roles, the princess Taema-hime in the play "Narukami," Bando as princess must seduce a very powerful holy man, a monk who has kept the rains from the drought-plagued country. Within an hour io a dazzling virtuoso performance the elegant princess wins; the celi-bate monk succurabs to her and



Kabuki actor Tamasahuro Bando offstage, in costume.

reveals the secret of the spell he

has cast upon Japan.

"The thing about seducing a man — in life or on stage — is that you must oever let him know it," the actor advises. "The audience must not have the feeling that she's practicing a deception on the monk."

Will be ever play a man's role?
"No. I've forgotten, or don't
know, the language of playing a
man on stage. Performance is like language or speaking. You have to be in practice. Even in

realism there is form. "But because I do get tired of playing women I like to be a man in my daily life. I like women with whom one can do anything and not be tired and women who will fulfill my needs and not push their ways and oeeds on me. I like women from ages 16 to 65 who are easygoing generous, highly relaxed, and make no claims on me."

Enthesiastic Traveler

Bando is an enthusiasue traveier who loves italy because of the opera and Greece for the open-air theater. In the United States he has visited Disneyland and Disney World because he served as a consultant for a paylioo in Robe's world-fair-like Portopia. He said he would like to per-

form in English, but does not know the language we'll enough. Performing in a foreign language is a hig problem. Commu-nication is difficult because su-

As he gets older, he is considering directing rather than acting because "returning is a great wor-ry. In 15 years I'll be 45."

ances are different."

Bando sounds world-weary. but it's a pose to allow him to "The actor should be a dule but sick of life, a little but tared of acting, in order to make the per-

formance seem human The Kabuki season reopens this month with Tamasaburo Bando again playing the role of the sensual process in "Naruka-However, he has "scandarized all Japan," as friends say, because he has refused to play in the evenings in September, He will only do marmors. Milan's La Scala opera is in Tokyo and Ban-

"In order to experience cothanis misel I go to the orera. There is semething about. theater that brings peace to the

do is going to the performances.

PEOPLE:

Canadians on Run Honor Cancer Victim

Canadians by the thousands ran, walked or incycled in communities series the country on Terry Fox Day to raise money he cancer re-search. Fox, who died of cancer in fine at age 21, captured the na-tion's admiration by intempting a cross-Canada run on an arthur eross-Canada run on an artherating, which replaced a limb he had lest to cancer. The progress of the disease forced Fox to stop his many had been been as the contract of the canada and the canada are been as the canada are been as the canada are in September, 1980, but not before he had covered 3,400 miles and raised S24 million for research on the causes of cancer. People in more than 700 caires and towns took part in Terry Fox Day, which is to be an annual event, the organizers said. Each of the 10gges, walkers and eyelists solicized pledges of a certain amount of money for each kilometer course

The woman who whooped out a long and boud Arkansas Razor-back cheer after she was crowned the new Miss America says the is iust a "very down-to-camb" person. People often have a pre-conceived notion of what 2 Miss Arkansas or a Miss America is Arkansas or a pros cameron is like. They're surprised to find not I'm a real person. 23-year-old Ekcabeth Ward and Minning after she won the title in Atlantic City, N.J., Ward vented her 167 backstage by shouting: "Wicoco-ris-somee!" I hope I can aways do that," she confessed later. She said her hometown of Russilville. Ark, a community of 13,000 where poultry is the main industry, was staging celebrations in her honey.

An angry Capt. Mark Philips husband of Britain's Princes Anne, has demed an Australian newspaper report that his marriage to Queen Elizabeth II's only daughter is on the rocks. The E year-old former cavalry officer snapped at reporters when man't the report in the Sydney Sends Telegraph was unfounded. Telegraph You should know better than h even ask me."

Sweden's King Carl Gustaf and Queen Silvin are in China for a 15day visit and were given a red eapet welcome in front of the Great Hall of the People, the official Conese news agency said. EMPLOYMENT

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